# Daily Report

# Latin America

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Wednesday
22 July 1992

# Daily Report
## Latin America

*FBIS-LAT-92-141* *22 July 1992*

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### Colombia

The nephew of Pablo Escobar Gaviria, in remarks carried by Santa Fe de Bogota radio, confirmed that Pablo Escobar and his brother Roberto "were not harmed" during an "armed confrontation" at Envigado prison. Pablo Escobar and "some of his men are in a tunnel at the prison." The men reportedly have ammunition and food "to last several days." Santa Fe de Bogota radio also reports that President Gaviria will not leave the country, "under any circumstances," until the situation at Envigado is resolved. The deputy minister of justice and the director general of prisons "may still be inside the prison." Santa Fe de Bogota TV reported that the National Security Council had decided to transfer Escobar to "an undisclosed military installation" while the Envigado facility was "remodeled" as a "maximum security prision."

### Brazil

Rio de Janeiro TV reports that the Congressional Investigating Committee (CPI) investigating Paulo Cesar Farias and his role in the Collor government has received the documents it had requested from the Central Bank. The documents contain records of 13 bank accounts. CPI chairman Benito Gama said that this was the "missing piece in the puzzle they had been trying to put together." The CPI "will not extend the deadline of its final report." In a related report, Rio de Janeiro TV states that the bank documents are surpassing the CPI's expectations and "leaving the CPI members in awe." According to O ESTADO DE SAO PAULO, former deputy Sebastiao Curio is willing to "prove" to the CPI committee "the Collor-PC connection." Presidential spokesman Pedro Luiz Rodrigues said that the government will "consider the possibility of filing a lawsuit against Curio" if the report of Curio's meeting with the commission is slanderous.

### Peru

Lima Radio reports President Fujimori called an extraordinary session of his cabinet "to assess, within the framework of the country's pacification strategy, a package of measures to be announced at an opportune time." Lima Radio also carries a Press Secretariat communique stating that Fujimori's trip to the Ibero-American Summit in Madrid was canceled and the president "as supreme chief of the Armed Forces, will therefore remain in command of the antiterrorist struggle."

### Bahamas

Prime Minister Lynden Pindling has "dissolved Parliament and scheduled elections for 19 August," according to Bonaire Radio. Predicting he would win "38 out of 49 seats" in Parliament, Pindling "pledged" the upcoming elections "will be free and fair" and he "expects a higher voter turnout" for his seventh consecutive term bid.

### El Salvador

EL DIARIO DE HOY reports the Salvadoran Government "demanded" the FMLN (Farabundo Marti National Liberation Front) "surrender missiles, artillery, and other modern armament" that it has received from Communist countries over the years. National Communications Secretary, Ernesto Altschul, expressed the government's "displeasure" over the "quality and quantity of weapons" the FMLN surrendered during the first stage of demobilization. Only "low-quality, if not useless, weapons" have been turned in, Altschul said, but a "climate of trust" could be created if the FMLN surrenders "sophisticated weapons" "which we know it has."

## Further on Meeting of Sao Paulo Forum in Managua

### Cuban Official Addresses Forum

*FL1707134792 Havana Radio Progreso Network in Spanish 1100 GMT 17 Jul 92*

[Text] Communist Party of Cuba Politburo member Abel Prieto, has conveyed fraternal greetings from Cuban President Fidel Castro to the third meeting of the Sao Paulo Forum currently being held in Managua. Prieto was the first speaker at the opening ceremony of the current annual meeting of this forum. The Sao Paulo Forum was founded in Brazil in 1990 at the initiative of the Brazilian Worker's Party.

Before representatives of some 60 organizations of the Latin American Left, observers, and invited guests, Prieto said Cuba is continuing to move forward, showing that it is possible to successfully stick to a people's alternative for the development and integration of our America despite all obstacles and [word indistinct].

Also, Cuba presented a paper at the forum which contains concrete proposals regarding alternatives for the development and integration of Latin America.

### U.S. Intervention 'Condemned'

*PA1707171792 Havana Radio Havana Cuba in Spanish 1300 GMT 17 Jul 92*

[Text] At a meeting in Managua, Cuba condemned U.S. intervention in Latin America. Cuba claims the United States wants to guarantee the expansion of independent capitalism in the area and subordinate Latin America to U.S. economic and geopolitical interests.

Jose Arbesu, Cuban delegate to the Third Annual Sao Paulo Forum being held in Managua, distributed a 20-page document stating that any attempt to defy U.S. principles in the area provokes Washington's aggressiveness and hostility.

The document, distributed to representatives of 60 Latin American leftist organizations and political parties meeting in Managua, also contains specific proposals for Latin American integration and development.

Among other things, the Cuban document points to the need for implementing economic projects to solve the current crisis, placing the area on the path to solving structural problems to obtain a new place in the world economy, settling its foreign debt, and bringing about integration for development.

### Sao Paulo Forum Ends

*PA2007203692 Managua Radio Ya in Spanish 1100 GMT 20 Jul 92*

[Text] The third meeting of the Sao Paulo Forum ended on 19 July in Managua with a call for an immediate end to the blockade of Cuba, the reinstatement of Jean-Bertand Aristide as president of Haiti, and the full reestablishment of democratic rights in Peru.

In addition to analyzing the economic and political situation in Latin American and Third World countries, it was agreed to vigorously protest the 5 April Peruvian military coup headed by Alberto Fujimori.

Besides issuing a special declaration related to the Palestinian problem, the Latin American leftist political parties gathered in Nicaragua pointed out in the Managua Declaration the need to accelerate the negotiation process in Guatemala based on the URNG [Guatemalan National Revolutionary Unity] guerrillas proposal which demands a just and democratic solution to the conflict.

### Joint Declaration Issued

*PA2107161692 Managua BARRICADA in Spanish 20 Jul 92 p 6*

["Declaration" issued by the Sao Paulo Forum in Managua on 19 July]

[Text] Political forces participating in a historic meeting of Latin American leftist groups in Managua;

Considering our profound democratic convictions and our obligation to demonstrate our solidarity with the peoples of the world;

Aware of a worldwide offensive to have all the peoples of the South renounce nationalism, social changes, and independent development;

Reaffirming that today, more than ever, the struggle for sovereignty and democratic development demand the strengthening of ties among peoples and the capacity of the leftist forces of the South to carry out joint actions;

Express our solidarity:

With the people of Iraq, today subject to an unjust and arbitraty blockade that has caused the death of thousands of civilians affected by the arbitrary and politically motivated extension of sanctions. We urge the international community to demand the legal lifting of these punitive actions.

With the people of South Africa, today subject to massacres and terrorist campaigns directed by the government of that country against civilians and members of the African National Congress, ANC, with the intention of sabotaging the possibilities for a peaceful transition to a truly democratic government. We join the ANC in demanding the immediate dismantling of repressive government forces under international supervision. We also urge the United Nations to implement sanctions against the apartheid government demanding its respect for the principle of government of the majority.

With the people of Libya today under harassment and suffering the hardships resulting from the commercial and air blockade unjustly declared by the UN Security Council. We urge the UN Security Council and UN members to revoke these sanctions taking into consideration the Libyan Popular Committees' decision to deliver the individuals implicated in the Lockerbie case to be judged in a neutral country.

With the people of Palestine, who day by day defend in all areas their inalienable right to their territory, free

determination, and independence. We share with the PLO and all peace-seeking forces in the Middle East our hope that the recent change in the Israeli Government leads to a negotiated solution based on recognition of the Palestinian people's legitimate goals.

With the people of Korea, whose right to free determination and reunification is being hampered by constant U.S. military threats and political meddling. In a world trying to leave behind the cold war era, using force or threats against nations of different ideological principles is inadmissible. Therefore, we demand a halt to foreign intervention and the withdrawal of foreign troops so that the Korean people can freely decide their own future.

Managua, 19 July 1992.

## Cuba

### Alarcon on 'Natural Right' To Attend Summit

*FL2107140092 Havana Radio Reloj Network in Spanish 1232 GMT 21 Jul 92*

[Text] In statements published today by the Madrid newspaper DIARIO 16, Cuban Foreign Minister Ricardo Alarcon expressed the opinion that the U.S. ambassador to Spain is acting like a proconsul. Alarcon referred to the subject when asked his opinion on the recent comments made by the U.S. diplomat, who called the possible participation of Commander in Chief Fidel Castro in the second Ibero-American Summit an absolute anomaly. The Cuban foreign minister indicated that the anomaly is that a diplomat is allowed to involve himself in matters that do not concern him. Alarcon stressed in his statements made to the Spanish newspaper DIARIO 16 that it is an anomaly typical of a proconsul who judges who should attend a forum to which he certainly does not belong.

Cuban Foreign Minister Ricardo Alarcon said that the United States is not an Ibero-American country but Cuba is, and Cuba has a natural right to attend the summit. He pointed out that no one doubted, when this kind of meeting was planned, that our country should be there. Referring to U.S. aggressiveness, Alarcon thought that Washington would not be happy about Cuba's participation at this summit or any international meeting. He said: They wish that Cuba did not exist.

In another part of his interview with the Madrid newspaper DIARIO 16, the Cuban minister indicated that for the first time in its history, the Cuba of today has had real control over its destiny, and contrary to those who think it is a poor destiny, it is a difficult but heroic destiny. Upon referring to the modifications to the Constitution recently made at the National Assembly of the People's Government, Alarcon indicated that the previous system was not antidemocratic.

### U.S. Medical Project Donates Medicine

*FL1707233492 Havana Cuba Vision Network in Spanish 2220 GMT 17 Jul 92*

[Text] Members of the U.S.-Cuban Medical Project have given the Cuban Red Cross a half-ton donation of medicine. Gloria Weinberg, the coordinator of the project, said that in this way, this institution is participating in the international effort to help Cuba. The donation, basically consisting of antibiotics, is worth approximately $70,000 and will be distributed among three children's hospitals: the William Soler Hospital in Havana, the South Pediatric Hospital in Santiago de Cuba, and the Octavio de la Concepción y de la Pedraja Hospital in Holguin.

As a humanitarian and educational organization, the U.S.-Cuban Medical Project opposes restrictions on free trade of medicine and food, as well as any governmental regulation of international donations of humanitarian aid. Dr. Hector Rodriguez Baster thanked the donors on behalf of the Cuban Red Cross Society and presented the U.S. delegation with the official documents that credit them for the donation.

### Ciego de Avila Becomes Fourth Scientific Hub

*FL1807010492 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Jul 92*

[Text] Ciego de Avila has become the fourth province in the country to form a scientific hub which links a large group of research centers and production areas to obtain integrated results in the shortest possible time. The proposed plans for the Ciego de Avila scientific hub include the application of biotechnology to agriculture, the utilization and management of the natural components of the ecosystem of the Sabana-Camaguey Archipelago, and the application of nuclear techniques to increase agricultural and industrial production in the province. This hub is made up of research centers and groups belonging to the Academy of Sciences and the Ministries of Education, Higher Education, Agriculture, the Sugar Industry, and Construction. The already existing scientific hubs are located in Havana City, Havana, and Santiago de Cuba Provinces.

### Matanzas Fuel Consumption Reduction Noted

*FL2107135292 Havana Radio Rebelde Network in Spanish 1155 GMT 21 Jul 92*

[Text] Average monthly fuel consumption in Matanzas Province dropped by almost 58 percent during the first six months of the year, compared to what was reported for the same period in 1990 [as heard]. A comparative analysis by the State Committee for Statistics explains that the most important reductions have occurred in fuel oil [preceding two words in English], or oil for boilers, which dropped 56 percent; and gasoline, which dropped by 50 percent. Overall, Matanzas Province exceeded the conventional fuel plan by 4,606 tons. However, its consumption was below that of the first six months of the preceding year.

### Isle of Pines Generates Electricity

*FL2107182192 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Jul 92*

[Text] The Isle of Pines has begun generating electricity using a mixture of diesel and fuel oil. This is the first time this has been done in Cuba, and it becomes more important when one takes into account the fact that the Isle of Pines is not connected to the national electrical power system.

### Water Management Project Completed in Granma

*FL1807145792 Havana Radio Rebelde Network in Spanish 0900 GMT 18 Jul 92*

[Text] The construction of the Cauto del Paso water management system, Granma's main system and one of the largest in the country, has been finished. Its completion was verified during an inspection conducted according to the labor union method. In that manner, the

regulating system of the longest river in Cuba has been completed, and the first stages of the work of the new contingents in the hydraulic branch of Granma Province have been established.

As he spoke on the subject, Jose Antonio Leiba, head of the Celia Sanchez Manduley contingent—principal builder of the Cauto del Paso water management project—said that the project has been valued at 47 million pesos and that it would benefit more than 39,000 hectares, most of which are for sugarcane and rice crops.

## Bahamas

### Pindling Dissolves Parliament; Calls Elections

*FL2107115092 Bonaire Trans World Radio in English 1130 GMT 21 Jul 92*

[Text] Bahamas Prime Mininster Lynden Pindling has dissolved Parliament and scheduled elections for 19 August. Mr. Pindling will make a bid for his seventh consecutive term and predicts he will win 38 out of the 49 seats in Parliament. Yesterday, the prime minister pledged that the upcoming elections will be free and fair and added that he expects a higher voter turnout. Bahamian opposition leader, Hubert Ingraham has been criticizing the ruling party for delays in calling the election.

## Barbados

### 'Baffling' U.S. Economic Embargo Viewed

*FL2007162192 Bridgetown CANA in English 1430 GMT 20 Jul 92*

[Text] Bridgetown, Barbados, July 20, CANA—Following is the text of the editorial in Monday's BARBADOS ADVOCATE.

The continued economic trade embargo imposed by the United States against Cuba is coming under more and more scrutiny with the changing world political situation.

It remains baffling to many commentators why the United States should appear to be so caustic in its relationship with Cuba while now extending a helping hand to the former Soviet states, once referred to by a U.S. president, as "the evil empire".

The United States, when first imposing the trade embargo on Cuba, had stated that if the communist government in Cuba wanted better relations the Castro regime would have to ensure that Cuba desisted from spreading and supporting terrorism or revolution in Latin America and must withdraw its forces from Angola where a civil war was then raging, with Cuban surrogates backing the communist elements in the strife in exchange for Russian financial support.

The Soviet Union has since broken up and Cuba no longer enjoys the preferential trade relations it had with the former Soviet Union and the states of Eastern Europe. The Cubans are also no longer fighting in Angola where there is now peace among the former warring parties. With the almost total demise of communism, there is not much revolution in Latin America to support, even if Cuba could afford it.

Yet the United States has not relented and has even added an additional demand—that the Castro regime must permit multi-party politics in Cuba if the U.S. economic embargo is to be lifted.

This changing of criteria for the lifting of its economic embargo by the United States has been interpreted by some as an indication that the U.S. is not prepared to accept a Cuba controlled by Castro, but sympathy is spreading in some quarters of the United States and parts of Latin America for Cubans under Castro.

Last week a private U.S. group sent a donation of medicines to Cuba, ostensibly for ailing Cuban children. The U.S. Department of Commerce granted the appropriate licence to allow the shipment on humanitarian grounds, but it certainly would have been awkward for the U.S. authorities to do otherwise. The 30-year trade embargo has prevented Cuba from doing business with U.S. companies.

However, the Cubans have been wooing North American investment in spite of the embargo. Already the Canadians, in spite of their close association with the United States, have been trading, though not yet extensively, with the Cubans and have been visiting Cuba as tourists.

In the United States there is a strong anti-Castro lobby comprising Cuban "exiles" who have heavy influence in Florida. This makes it most unlikely that either Republican or Democratic voices will be heard calling for a change in relations with Cuba at this time. There is a presidential election coming up and there are votes to be wooed from Cubans living in the United States.

But with all the changes taking place in the political and economic structures worldwide the relationship between Cuba and the United States is not destined to remain one of permanent strain or fiction.

Cuba's other neighbours are more and more extending a friendly hand. In time the U.S. must as well.

## Haiti

### Bazin Government Agrees To Soares Request

*FL2107181692 Port-au-Prince Radio Metropole in French 1600 GMT 21 Jul 92*

[Text] The government of Prime Minister Marc Bazin has announced its agreement that an OAS technical mission should come to the country on 22 July following a request by the secretary general of the OAS, Brazilian Joao Baena Soares. The Ministry of Foreign Affairs advises in a press release that it has received a request from Mr. Baena Soares to authorize sending a four-member technical mission to prepare for the possible visit of the secretary general to the country.

The government of the Republic has approved the request of the secretary general with pleasure and has given assurance that appropriate measures will be taken to facilitate delegation's mission in Haiti. This is what the Haitian Ministry of Foreign Affairs has said.

### List of Negotiating Committee Members Published

*FL2107180092 Port-au-Prince Radio Metropole in French 1045 GMT 21 Jul 92*

[Text] As regards the negotiations, the official list of the members of the presidential committee formed by Jean-Bertrand Aristide to undertake the negotiations was published on 20 July. According to a HAITIAN PRESS AGENCY dispatch issued in Washington and dated 19 July, this committee will be made up of 10 individuals. These individuals are: Father Antoine Adrien, Dr. Jean Moliere, Senator Wesner Emmanuel, Micha Gaillard, Mrs. Josette (Omero), Chavannes Jean-Baptiste, Dr. Michel Lominy, Evans Paul whom everybody knows as K-Plim, Dr. Michel Sajous, and Agronomist Fred Joseph.

### Aristide Supporters Deny Meeting With Bazin

*FL2107122092 Bonaire Trans World Radio in English 1130 GMT 21 Jul 92*

[Text] A group representing ousted Haitian President Jean-Bertrand Aristide continue talks in the Haitian capital with different political groups in an effort to find a way to resolve the crisis there. The group has denied any reports claiming that Mr. Aristide will meet with Prime Minister Marc Bazin in the Dominican Republic on Wednesday [22 July]. Also an Organization of American States delegation is to arrive in Port-au-Prince tomorrow to negotiate the return of democracy in Haiti, following a request by Mr. Bazin.

### Murderer of Deputy Charles Sentenced to Life

*FL2107151492 Port-au-Prince Radio Tropic FM in Creole 1200 GMT 21 Jul 92*

[Text] A former rural police agent, section chief Ileome Pierre has been sentenced to life in prison. The court found Ileome Pierre guilty of the murder of Deputy Astrel Charles who was shot several times while in the north of the country, specifically in Pignon 15 in December 1991.

## El Salvador

### Government Demands FMLN Surrender Armaments

*PA2207040792 San Salvador EL DIARIO DE HOY in Spanish 21 Jul 92 p3*

[Text] The Salvadoran Government demanded that the FMLN [Farabundo Marti National Liberation Front] surrender missiles, artillery, and other modern armament that it has received for many years from the Communist countries.

During a news conference, Ernesto Altschul, National Communications Secretary, said the government has expressed its displeasure over the quality and quantity of weapons surrendered by the FMLN during the first stage of the demobilization process.

He said that according to intelligence sources, "the FMLN has surrendered only low-quality, if not useless, weapons."

He said that if the FMLN surrenders sophisticated weapons, "which we know it has" it will create a climate of trust among Salvadoran society.

Altschul said that, "as long as there are doubts, the people will wonder why the FMLN is still bringing in and hiding weapons."

He did not rule out that some armament is being sent to terrorist movements in neighboring countries, outside Central America, or to maverick groups connected to drug trafficking.

He said, however, that it is all part of a process, and that at the end of July, when the second FMLN mobilization stage is scheduled, there might be a "substantial improvement."

Altschul also said the government has the funds ready to reintegrate the former guerrillas into Salvadoran society. It has been estimated that this reintegration will cost about 700 million colones. He asked the FMLN for a list of its members who require training or credits for small businesses, farming tools, scholarships, college careers, etc.

He also refuted charges by Ricardo Hill, president of the Salvadoran Foundation for Economic Development, about the government's lack of austerity.

Altschul said there is austerity in the government. As proof, he mentioned the old rug still in use in the news conference hall. He also mentioned that during the time he has been working with the government, he has had to replace seven cars because of their poor condition.

### Funds Allocated for Demobilized Fighters

*PA2207002192 San Salvador EL DIARIO DE HOY in Spanish 20 Jul 92 p 10*

[Text] The government has reportedly allotted approximately 750 million colones for the Support Program for the Civilian Lives of the Demobilized Members of the Armed Forces and the FMLN [Farabundo Marti National Liberation Front].

The National Communications Secretariat reported that the program helps former FMLN fighters obtain documents as well as working tools for those who will live in rural areas and home appliances for those in urban areas.

The packages for the FMLN members will be bought and distributed according to a contract signed by the [National Communications] Secretariat with an organization called CREA [expansion unknown]. The Army will provide packages for former soldiers.

The sources disclosed that the basic set of home appliances includes a propane stove, grinder, dining room set, set of dishes, beds, and bed sheets.

The sources said the demobilized fighters will also be granted credit, technical assistance, land or homes, and direct training or scholarships, which include university courses or rehabilitation for handicapped persons.

The sources added that groups such as FEPADE [Business Foundation for Educational Development], Fusades [Salvadoran Foundation for Economic and Social Development], and the Chamber of Commerce will cooperate in the training.

Programs for helping demobilized fighters make the transition into farming activities will be implemented by the Land Bank, ISTA [Salvadoran Institute of Agrarian Transformation], Fedecredito [Federation of Credit Associations], BFA [Agricultural-Livestock Development Bank], and nongovernmental organizations. Houses for those remaining in urban areas will be built with the assistance of the mutual aid system and coordinated with the deputy housing minister's office.

It was explained that the National Reconstruction Secretariat [SRN], along with ministries, mayoralties, and other government and nongovernmental organizations such as ONUSAL [UN Observers for El Salvador] and ACNUR [UN High Commissioner for Refugees] will help execute the programs.

It was explained that 18 million colones will be allocated for treatment of handicapped persons. The program will be carried out by the Health Ministry, ISRI [expansion unknown], FUNTER [expansion unknown], SRN, and the nongovernmental organizations.

The program, which will go into effect immediately, will benefit approximately 47,000 demobilized men and their families, which amounts to over 250,000 persons.

## Guatemala

### Serrano on Economy, Social Issues, URNG

*PA2207032292 Guatemala City CRONICA in Spanish 17 Jul 92 pp 19,20,23*

[Interview with President Jorge Serrano Elias by Haroldo Shetemul and Carmen Brenes—place and date not given]

[Text] [CRONICA] One of your government's accomplishments during the current year has been to promote

tax reforms. Nevertheless, relating to the other objectives you have set, such as the peace issue and social compensation, it seems there has not been much progress. What is your government planning to do to honor its promises?

[Serrano] During my election campaign, I established the steps we would follow. The first step included economic consolidation and recovery. I received a country with a 60 percent inflation rate, without any dollar reserves, and with access to the international banks completely closed. It was urgent for us to cut spending costs, which we were able to cut by 17 percent. In addition, there was the need to increase government revenues to balance the budget to control inflation. We were also able to accomplish this. For the first time in 30 years, we finally had a balanced budget. This enabled the country to end 1990 without having to implement any shock policies or massive layoffs. We were able to achieve all of this because of honest management and awareness of limited government resources. We started a social compensation program by first analyzing the government's wage distribution. There were low- income workers who obtained increases totaling up to 158 percent of their salaries. A government nonmanagement worker, therefore, currently earns 623 quetzales, which is approximately 30 percent more than the same worker in the private sector. The second step is consolidation. This implied having to reform structural aspects of the country's economy, and that is why it was necessary to have tax reforms. These reforms will influence the government's fiscal structure. We can now undertake a more realistic transformation of the nation's general budget. Since the beginning of the year, we have been able to implement social investments with our own resources. We invested in sectors to complete unfinished projects. For example, we completed five hospitals in the interior. The next step will be to equip each hospital. In addition, we are proposing a structural modification to next year's budget to include investment operating expenditures. These are costs the government invests in its management.

[CRONICA] You point out there has been investments in the field of social compensation, however, dissatisfaction continues. Obviously, what your administration considers an accomplishment has not been understood as such by the population.

[Serrano] Who has not understood it? The public has not understood it because they have been misinformed. For example, we have been able to create 5,000 teaching positions. The communities that have received the benefits of those positions understand there is work involved. Another example: nuclear style schools [escuelas nucleares] were created. We invited the press to the ceremony and several representatives attended. The media, however, never publicized the event. What are these schools? They are teaching centers that will now service the schools surrounding them. They were provided with a mimeograph, a school library, teaching supplies to support the teachers, a motorcycle to be used in distributing the supplies, and a bicycle. It troubles me that the press has not published any of this. We publicized it as part of the government's public relations, but no one noticed it because they do not believe in it. Do you know what a newspaper reporter told me? You know how to lay the egg, but you do not know how to cackle over it.

[CRONICA] Regardless of what the press says, we can not deny the truth. The press does not promote the bureaucrats' strikes.

[Serrano] The bureaucrats' strikes have nothing to do with the investments we are making. You should see how the people in the countryside welcome me. They see that we are bringing them drinking water, electricity, and are building roads and schools. I would be willing to risk calling a plebiscite to determine if the people approve of the bureaucrats' actions. Government employees should be fair. It is not fair for them to continue their movement, because you can not ask a government to accomplish something in one year that has not been done in two decades.

[CRONICA] Has the time come for you to arm wrestle with the bureaucrats?

[Serrano] If they had any brains, they would admit what we are doing for the people. They should be thankful for what we are offering them. This is not a wrestling match between Jorge Serrano and the bureaucrats, because we are both being paid by the people.

If I were to agree irresponsibly to everything they are asking, I would have to start printing paper currency. That would cause inflation to be borne by the people. That is why I believe the people have the last word. I would be willing to let the people decide through a plebiscite. We can raise salaries by 400 or 500 million quetzales without causing inflation.

[CRONICA] Traditionally, one of the greatest problems facing tax reforms is tax evasion. For example, the outcome of the package deal implemented by former President Vinicio Cerezo. Are there any guarantees this reform will succeed?

[Serrano] All tax reform has its great loopholes. Remember the old saying: "He made the law and he violated it." When Congress passes a law, it is well contemplated, however, we can not presume it is perfect. The tax law has to be amended. I believe that for the first time in many years, Guatemala has a tax system that connects the value-added tax with the income tax. This connection will be very important to Guatemalans. According to the law, whoever does not declare or pay taxes, is guilty of theft. This is no longer a fiscal, but a penal crime. Many people might go to jail because it is not like in the past when they only paid a fine.

[CRONICA] The wave of violence has Guatemalans in a state of uneasiness. The police seem to be unable to solve most crimes. Will this situation change in the next six months?

[Serrano] I admit this is one of our most serious problems. Common crime has grown steadily. When we planned the Hunapu Task Force we classified various types of crimes; divided the country in zones; launched surveillance, repressive, vigilant, and preventive actions; and engaged in persecution. We obtained positive results. Some factors affect us, for instance, the government's lack of means to investigate and present evidence. We do not have an Attorney General's Office to conduct the steps necessary to obtain a conviction. We will present a bill to Congress to modify that section of the Justice Department and allot the necessary personnel to make the charges and the means to conduct the investigation. Currently, even though we know a certain person is a criminal, we have no way of gathering any evidence. To make matters worse, our security forces are underpaid, undertrained, and lack equipment.

We consult experts and adopt measures that last only two weeks. Because of the vicious circle, personnel's morale ebbs and we have to start all over again. It is frustrating.

[CRONICA] What will you do to break this vicious circle?

[Serrano] We must enact an improved law for the Attorney General's Office. We must provide it with the necessary resources for penal investigations. We must amend the law to allow more time between a criminal's arrest and his trial so the proceedings can be prepared properly. This task must be conducted jointly by the Government Ministry, police, Attorney General, Human Rights Department, Supreme Court of Justice, and our Department of Penitentiaries, because if there is one link missing, it will distort the application of justice.

[CRONICA] Does your government have any indication that the increase in violence is linked to drug trafficking?

[Serrano] Well, that is a reality we must face. Definitely, some crimes are related to drug trafficking, but it is difficult to identify them as such. Many people linked to drug trafficking are not detected by the security forces because they are not involved in transporting cocaine or producing poppy plants and marijuana. They are involved in actions such as money laundering, liaison, or coordinating arrangements. We are talking of people who never have direct contact with the drug, but do contribute to the general process of drug trafficking. Those cases are not easily detected.

[CRONICA] A case that had a great impact on citizens was the murder of businessman Edgar Galvez Pena. It is said he asked the Attorney General's Office to investigate the origin of his fortune due to allegations it was the product of drug trafficking. Did you know about that request?

[Serrano] I read about it in the press. We tried to find out his income tax number, but he did not have one. Under those circumstances, it was very difficult to investigate the origin of his fortune. In other words, according to the Guatemalan state, he earned less than 1,200 quetzales per month.

[CRONICA] Is it true that a few days before he was killed, Galvez requested a meeting with you?

[Serrano] Yes, he sent me a note in which he said he wanted to talk to me about a few things. I did not feel the meeting was appropriate. Apparently, he was one of the promoters of a bank I was not willing to authorize, precisely because there were suspicions it could be used for money "laundering." The Guatemalan banking system is clean, and in my opinion, this bank would have an overall negative effect. I assume he requested the meeting after he heard my comments.

[CRONICA] Recently, your dispute with the national press created great tension. What has your government done to overcome this climate of confrontation?

[Serrano] I would not say that the dispute was with the press, but caused by the press. I was accused of being involved in the Nestor Hernandez case (PRENSA LIBRE reporter). It became evident that this was false, because when he reported through a third person that he had received threats, we gave him protection and a bullet proof vehicle; we gave him support. In the case of Jose Eduardo Valdizan (Teleprensa driver), we never connected him with Antonio Mourra (owner of Channel 11). In fact, I have not heard from Mourra for the past eight months. In the case of Free Encounter [Libre Encuentro] I have never discussed that subject. I believe the program has been beneficial, because one way or another, the government's position has been well represented in the debates. We know it follows a certain line, but the producer is free to voice his opinion. Regarding the other two cases concerning a conversation viewed as "a scolding" to CRONICA and SIGLO VEINTIUNO, I must admit that I talked with staff members of CRONICA in this room and expressed my disgust over a publication I deemed inappropriate because it mentioned my family. In my opinion, a politician can receive many blows, but I must protect my family.

I want to leave with my dignity intact. The CRONICA staff members said they would publish an explanation and that was the end. In regard to SIGLO VEINTIUNO, I talked to their personnel because they had mentioned another one of my sons. My talks with the staff members were intended to be friendly, but, naturally, they did not end up this way.

[CRONICA] You even said drug-trafficking money flowed in the media. Would CRONICA be involved in this?

[Serrano] No, I do not believe CRONICA, as an institution, or any other media, were involved. In regard to individual journalists, I could not point at anybody in particular, now or at any other time. If I had the evidence to do so in an interview, the journalists would be in jail.

[CRONICA] On 30 June, you launched a very bold proposal. You called the Guatemalan National Revolutionary Unity [URNG] to a meeting, which would continue until peace was reached. Do you believe it is possible to attain peace in the near future?

[Serrano] I believe the boldness started in Oslo. More than boldness, I would look at it as a sincere desire to end the armed conflict. If anybody has been consistent in promoting this process, it has been me. We held the first meetings when I was president of the State Council in 1982. We later promoted the reconciliation commission, after that came Oslo, and now my efforts as president. I believe the document prepared by the government responded to the only in-depth proposal the URNG has ever presented.

[CRONICA] Have the guerrillas answered your proposal?

[Serrano] No. We have not even received their response on the human rights situation. We accepted the conciliator's proposal, without adding or subtracting a comma, although we did have a few reservations. Unfortunately, the guerrillas have taken a different stance. We answered their general proposal and I believe this should have closed the process. We proposed that the guerrilla fronts be demobilized, but they chose to ignore this. We have asked the United Nations to present this proposal so that we can discuss it. This is a logical proposal because one of the fundamental aspects of the agenda cannot be disregarded. Finally, we have made a serious commitment to sit down to negotiate, every other week, starting in the second half of July. If they want to support this commitment, they are welcome. If not, let the international community notice who wants peace and who rejects it.

### President, Defense Minister View Human Rights

*PA2107150392 Guatemala City Teleonce Television in Spanish 1800 GMT 20 Jul 92*

[Text] On 20 July, General Jose Domingo Garcia Samayoa, the defense minister, rejected a report by Americas Watch, an institution that promotes human rights, according to which Guatemala and Colombia appear among the countries with most human rights violations. Garcia Samayoa made statements on this report the hallway at the National Palace.

[Begin recording] [Garcia Samayoa] This report definitely shows the political manipulation of public opinion. They [Americas Watch] do not recognize the positive aspects made by Guatemala concerning human rights. It seems that they are determined to see only negative aspects. It is unacceptable for them to point their fingers at the countries that are seeking a better future.

I definitely reject the accusations made by Americas Watch, because we have seen that they are manipulators. It is always easier to see someone else's faults.

We would have to ask them to judge our country in a fairer manner.

[Unidentified reporter] They mentioned the existence of paramilitary groups?

[Garcia Samayoa] They always make the same accusation. They have to say something to justify their accusations. However, they must see and judge themselves. They must not make accusations against developing countries, which do not have economic or other kinds of capacity to defend themselves.

I think that it is time for them to better appreciate the progress made in the area of human rights. They must stop making accusations about human rights violations against us.

We are a dignified, honorable, and proud people. We are working to improve things. It is easier for them to point their fingers at others, instead of themselves. It is a little difficult to see them pointing their fingers at themselves. [end recording]

Meanwhile, President Serrano Elias seconded the statements by his defense minister on the report by Americas Watch.

[Begin Serrano recording] I have no opinion on the report. If they know of specific cases of human rights violations, let them report them. However, it is unacceptable, rude, and sad for us Guatemalans to continue putting up with systematic accusations. [end recording]

## Nicaragua

### Chamorro Defends Presidency Minister Lacayo

*PA2107134792 Managua Radio Sandino in Spanish 1830 GMT 20 Jul 92*

[Text] President Violeta Chamorro on 20 July voiced full support for Presidency Minister Antonio Lacayo after the comptroller general of the republic said Lacayo was an accomplice in the multi-million embezzlement committed by Antonio Ibarra Rojas, former deputy minister of the presidency.

[Begin recording] [Chamorro] I have learned from the media about a report by the comptroller general on the case of Deputy Minister Ibarra Rojas. After reading the report, which I first received after a 24-hour delay, I want to affirm on 20 July to my Nicaraguan people that I have a deep commitment to a dynamic, honest, and efficient public administration. That is what I promised the people in my government platform during my election campaign.

I also want to affirm on 20 July my firm commitment to the elimination of any confusion of interests of the state and of the nation with that of any political party. This commitment leads me to voice my deep concern over the evident confusion that apparently has been caused jointly by the comptroller general of the republic directed by Guillermo Potoy and the Social Democratic Party, also led by Mr. Potoy and Alfredo Cesar.

The attempt to hold the presidency minister responsible for the administrative management of social programs

that are not his responsibility surprises me because it is only up to me, as president of Nicaragua, to determine the hierarchic order in my government.

I want to give my full support to Antonio Lacayo, my minister of the presidency, in whom I entrusted the leadership of my electoral campaign and in whom I have entrusted the coordination of my government since I issued Decree No. 1-90 on the same day of my inauguration.

My commitment to the state of law, reconciliation, democracy, and peace, as well as the commitment of Antonio Lacayo to me and my cause are inseparable.

[Unidentified reporter] Have you given any thought to dismissing Antonio Lacayo, the presidency minister, and if not, will you continue to trust his honesty?

[Chamorro] The day I have to dismiss—as you say—or remove Antonio Lacayo, Violeta leaves. I am not going to replace him, and I am publicly stating this.

[Reporter] Madam President, we would like to ask you another question. What is the status then of the relationship between the executive branch and the legislative branch following this Potoy report incident?

[Chamorro] There is no tension at all. Thank God there is freedom and democracy here, and everyone can say what they want. When it is time to take action and make clarifications, then that is something else. [end recording]

### Former Soldiers, Police 'Clash' At Presidency

*PA2207025392 Mexico City NOTIMEX in Spanish 0210 GMT 22 Jul 92*

[Text] Managua, 21 Jul (NOTIMEX)—At least four persons were injured on the evening of 21 July during an armed clash between riot police and former Sandinist soldiers who were protesting near the Nicaraguan Presidential Palace.

According to the local radio stations, there was a heavy exchange of gunfire between the police and the former soldiers, but it has not been determined who began the shooting.

The clash took place when the riot police tried to evict the retired officers of the Sandinist People's Army (EPS) from Simon Bolivar Avenue, which they had been blocking since 20 July.

The former soldiers are demanding to negotiate the payment of their Armed Forces retirement benefits with President Violeta Chamorro's government.

### Military Source Reports Army, Recontras Clash

*PA2207032292 Managua Radio Sandino in Spanish 1830 GMT 21 Jul 92*

[Report by Francisco Flores Lopez]

[Text] Here is a updated news report on the fierce fighting taking place between the Army and recontra groups in Region 6. This is happening in Faso de los Herrera, 26 km northeast of Waslala. A highly reliable military source reported a few minutes ago that Sandinist People's Army and combined National Police forces have been fighting recontra groups for the past two days in Faso de los Herrera.

Although our source did not mention casualties, he believes the figure could be high because of the situation prevailing in the area—fighting breaks out every three or four hours. We also learned hundreds of peasants fled their homes to look for safety.

### EPS Soldiers Detain Deputy Finance Minister

*PA2107220492 Managua Radio Sandino in Spanish 1830 GMT 21 Jul 92*

[Text] Deputy Finance Minister Leonel Rodriguez was held for two hours on 21 July by dozens of Sandinist People's Army [EPS] soldiers. The deputy minister was stopped on his way to his office, which is located in front of the National Assembly building. The soldiers were demanding payment of the remaining portion of their severance payments in compensation for service in the EPS. While they held the government official in their custody, they demanded the presence of a high-level delegation from the central government and the EPS. The intervention of National Police Chief Commander Rene Vivas was necessary for the soldiers to release the deputy finance minister. Before releasing the official, the soldiers also harshly criticized the police chief.

After his release, Rodriguez stated that the EPS and the government are trying to protect the families of the discharged soldiers by preventing them from spending the money right away as happened on two previous cases when soldiers were dismissed as part of Armed Forces reductions.

### • Sandinist Position on Property Law Issued

*92CA0183A Managua EL SEMINARIO in Spanish No 88, 4-11 Jun 92 p 4*

[Text]

#### Sandinist Delegation in the National Assembly

The Sandinist Delegation wants to make clear to the Nicaraguan people its position on the bill entitled "Reforms of the Law for the Reestablishment and Stability of the Legal System of Private, State, and Municipal Property," which has been submitted to the Secretariat of the Governing Board of the National Assembly. After giving the bill appropriately serious consideration, the Sandinist Delegation issues the following pronouncement.

1. This bill conspires against the security, tranquillity, and rights legitimately acquired by thousands of families who have been awarded land under the agrarian reform and the allocations of building sites and homes. What these families need are deeds that are in order and that will definitively guarantee their ownership.

2. Once again we are seeing an endeavor to circumvent Laws 85, 86, and 88 and all of the benefits (land, building sites, and homes) awarded to the demobilized personnel

of the Sandinist People's Army and the former Nicaraguan Resistance, as well as thousands of campesino families. This is also an attempt to promote an illegal devolution to a few individuals through summary proceedings that would constitute a thinly veiled, massive expropriation, thus violating the Political Constitution and the existing legal system.

The thousands of beneficiaries of Laws 85, 86, and 88 must clearly realize that the rights that they have acquired over the properties of which they are today legitimate owners are irreversible, and no other law can affect them, because laws are not retroactive.

3. The bills in question ignore the presidential veto of Law 133, the substance of which they are again trying to reestablish. They also ignore the fact that the National Assembly upheld the veto at the time, in defense of the Constitution that those who sponsored the bill which is being revived today wanted to violate. This bill is patterned after the provisions that were vetoed and changes only their wording while retaining their violations of the Constitution, of the international agreements ratified by Nicaragua, and of general, universally accepted principles of law.

4. The presidential decrees that created the Land Use Office (OOT) and established the procedures for complete enforcement are in keeping with the Constitution and the law and are sufficient to preserve the rights of claimants when they are in the right.

5. This bill, far from seeking to help bring peace and stability to the country, betrays once again in its very preamble long-standing revanchist motives in another blatantly irresponsible attempt to foment social and political confrontation in Nicaragua.

6. International institutions (the World Bank, the IDB [Inter-American Development Bank], and the FAO [Food and Agriculture Organization]) have clearly recommended that the property problem ought to be resolved once and for all in Nicaragua by awarding deeds to the beneficiaries of the agrarian reform and by giving them access to credit and that the former owners who have filed claims should be compensated through indemnities, not devolutions. Although the drafters of the bill are well aware of these recommendations, they are bent on undermining stability in the countryside and on prolonging the conflicts that are holding back production.

7. The most serious violations of the political Constitution that this bill contains are:

- The principle that the law is not retroactive. The bill continues to ignore the rights acquired through Laws 85, 86, and 88 by setting new conditions or requirements for those who availed themselves of these laws.
- The principle of separation of powers. The bill represents further interference with the powers of the executive branch. It seeks to conceal this through concepts such as "national goods," which do not currently exist in our legislation but were in the constitutions of Somozism.
- The principle of legality. The bill contains a new violation of the Constitution and international agreements, one that mankind has already made a thing of the past. The point is that "no one can be convicted because of actions or omissions that were not crimes under applicable law at the time they were committed." The international community, not just the Nicaraguan people, would condemn such a step backwards.

8. The president of the National Assembly, Alfredo Cesar, who has publicly declared his support for this bill, is also fomenting an international campaign to have the United States and other countries cut off the financial aid that Nicaragua is receiving. This campaign has already borne its first fruit, as the U.S. Congress is freezing a $100 million loan. This two-pronged maneuver makes the motives clear: to strip thousands of owners of their properties and to strip the country of the funds that it needs for economic recovery.

In view of the above, the Sandinist Delegation will categorically oppose sending to committee the bill in question and any other similar one that is submitted to the full National Assembly. In the event that they are passed at that level, it will not take part in any committee discussion thereof, nor will it support, through the presence of any of its members, any legislative procedure to support this maneuver, which we hereby denounce as destabilizing and contrary to the constitution and the law, to peace, and to the nation's interests.

Managua, 1 June 1992

### * Mendieta on Rural Unrest, Party Politics

*92CA0183B Managua EL SEMINARIO in Spanish No 88, 4-11 Jun pp 20, 21*

[Interview with Minister of Government Alfredo Mendieta by Erick Aguirre; place and date not given]

[Text] Uncertainty and even mystery surrounded the vacuum in the Government Ministry for many days in the wake of the announced resignation of Carlos Hurtado, who headed it until recently. There was a great deal of speculation about the possible government candidate, and the mounting scuttlebutt among journalists and observers was fueled by the president's delay in naming a replacement.

And there was good reason for it, because even in a cabinet rife with brilliant economists, little "geniuses" who have earned their master's degrees in complex majors from prestigious universities, the Government Ministry is not that simple an office.

The post does not require a great deal of such talent, but it does demand what some experts call "political suitability," and although many of us were surprised by the appointment of Alfredo Mendieta, because we were unfamiliar with him or for some other reason, the fact is that as of now we would find it very hard to deny that he is indeed quite "suitable."

Moreover, anyone would say, what is needed is this post is a politician, and the first thing that Mendieta made

clear to us when he broached the issue is that ever since his youth he has had serious political concerns.

"My life has definitely been marked by politics. I have always had a deep-seated passion for politics because I feel that this is the best way a person can contribute to society, above all in times like these, when the world is undergoing sweeping change," he says.

He says that he was a youth leader at the La Salle School and took part in the anti-Somoza uprising on 22 February 1967, as well as in the political campaigns of the Conservative Party, of which he has been a member from a very young age. He has been exiled five times and was a close colleague of Dr. Pedro Joaquin Chamorro C. in the Democratic Union of Liberation (UDEL).

During the war of liberation, he and Fernando "El Negro" Chamorro belonged to the "Benjamin Zeledon" Southern Front, working alongside men and women like Gaspar Garcia Laviana and Nora Astorga.

"I returned to Nicaragua in 1979 and realized very soon that what the FSLN [Sandinist National Liberation Movement] was proposing at the time was not in keeping with my ideals. I was taken prisoner and then, on 10 October 1981, I went into an exile of eight and a half long years until Dona Violeta was nominated for president in 1989. I joined the political campaign all-out through the Conservative Popular Alliance Party. I was involved intensely in the campaign. We worked day and night for Madam President's triumph."

After the electoral victory of UNO [National Opposition Union], Mendieta worked for a time as an adviser to Dr. Miriam Arguello when she was president of the National Assembly. He stopped working for her because "Dr. Arguello's political philosophy was drifting farther and farther away from my own political thought." Pursuant to a direct request from the president's office, he then became executive director of the Nicaraguan Institute for Municipal Promotion [INIFOM] in January 1991.

"The INIFOM post was for one year, so I left at that point. The president called on me just recently, honoring me first by entrusting me with the post of deputy minister of government and then, three months later, on 3 April of this year, by appointing me minister."

[Aguirre] Could you summarize the accords that the previous minister signed with the "rearmed groups"? Also, to what extent have you responded to the new demands that they have made?

[Mendieta] We have to understand that the pacification and disarmament process has had three stages. The Ministry of the Presidency, the Army, and the Government Ministry were involved in the first stage. The first stage entailed an approach to, contact with, and an attempt to persuade those who had taken up arms to put them down and become part of the country's sociopolitical and economic life. The second stage was the stage of the accords proper, which were practically written down and were to be carried out through a series of massive disarmaments, particularly in the case of the Tomatoya enclave. A number of negotiating points were also being put forward precisely to enable those who were disarming to rejoin civilian life. They were divided into two major areas. One involved the commitments that were able to be kept, such as funds that were allocated to give them a chance to provide their families with some money during the remainder of the harvest periods.

There were other aspects in this connection as well, such as building materials, homes, farms, etc. But there were also some others that went beyond this framework and belonged to a more institutional one under the government's social and economic policy proper....

[Aguirre] Such as?

[Mendieta] Everything having to do with the awarding of title to lands, which is a more institutional, longer-term matter in which we have to take into account the major limitations facing the country in this regard: health care problems, financing for education, in other words, institutional problems.

[Aguirre] Has this not become a vicious circle of promises, broken promises, and further promises?

[Mendieta] The fact is that these things have been put off somewhat because there cannot be an automatic response; rather, it is part of an entire economic and social policy by the government of the Republic.

[Aguirre] Have you, as the new minister, not signed any new accords or made any new promises?

[Mendieta] No. I received a mandate from the president to make headway in disarmament and in keeping promises. One of the things that I promised was not to sign one more accord, but rather to comply with everything that has already been signed, which is quite a bit. What we have to realize here is that when the disarmament process began, there were no more than 2,000 persons under arms. When the process began, we were faced with a move towards membership in organized groups among a great many sectors in the country. This is something that we can analyze from the standpoint of confidence in the government and in the process of national reconciliation. It must also be analyzed from the standpoint of the economic situation in the country and as a way of making money by selling rifles, which was seen at one point.

We began by determining clearly the scope of the commitment that we were making, because when I took over the Government Ministry on 2 April, there was no complete compilation of the accords, nor had there been any analysis of how much the government had committed itself to in this regard. We had to get in touch with other ministries to do a thorough evaluation of this situation, and thus we quickly ascertained the magnitude and scope of the accords. Moreover, we had to postpone them in order to comply with them. In other words, we had to develop a timetable for all these accords in order to carry them out.

There was also the problem of a lack of communication between the leaders of these groups and their subordinates, who did not have information on their leaders' activities. As a result, a series of situations arose and escaped the grasp of all of us, until the well-known Esteli incident took place, when we even had to mourn someone's death.

[Aguirre] How representative do you think these rearmed groups are, because some regard them as organized artificially?

[Mendieta] I feel that as the country moves forward in development potential, this situation will inevitably clash with the lack of secure ownership in the countryside because of the various takeovers and all that. To that extent, these groups are gradually becoming less broad-based, that is to say, they are falling apart, and the chiefs have a smaller rank and file and less control over them. So, we view the demands as socioeconomic demands. As for the social makeup of these groups, I would say that they first developed out of the Nicaraguan Resistance as a "defense mechanism" against factions of Sandinism "that wanted to attack them." Then came the recompas as a reaction to these armed recontra groups. So the makeup of these groups is heterogeneous but perfectly well-defined at a given moment.

[Aguirre] What would you estimate are the percentages of recontras and recompas? Are they are more or less in balance?

[Mendieta] Yes, more or less. At a certain point I think that there were more recontras than recompas, but later we could say that it got to 60 percent recompas and 40 percent recontras. Yet as the negotiations moved forward and the groups put down their arms, they began meeting to some extent between themselves, and we had simultaneous disarmaments of recompas and recontras, which made for the building of links that later became closer. But in a way the strategies of the groups clashed, and even though they tried to remain united as a way to put more pressure on the government and to undertake joint actions to that end, we have seen little by little that this unity has also been falling apart, as the process moves forward. So we are seeing less and less teamwork and unity among the so-called "revueltos" [mixed group of recontras and recompas], and we see more individual positions emerging. It also so happens that these sectors are scattering throughout the country and heading for their communities and ceasing to be a structural part of the groups. So I think that we are witnessing a phenomenon in which the responses are necessarily becoming more institutional and in which the government, which now has enough resources available, feels that it can and must respond more institutionally to these groups.

[Aguirre] Do you feel that at this juncture there is a greater degree of security in the countryside?

[Mendieta] I think that things are getting somewhat worse in a number of regions. But we have to realize that these groups originally went around armed and had a tradition of using weapons. In fact, just the possession of a weapon in a country that has been at war in recent years is almost a status symbol, a well-defined symbol of authority. When these groups find that they cannot rejoin normal life right away, at a time when the planting season has not begun, and when they see that the money in their pockets is running out on them, they do not feel that they have been given an answer. So, some of them go into criminal activities or rearm to apply pressure. But these groups are shrinking and under increasing control. We could say that in the wake of recent events, since I took over the ministry, we have managed to apply pressure and reverse the trend towards rearmament among these groups so that the pressure from them has become increasingly civic, until that business in Esteli happened. Once we overcame that situation, however, we have seen a decline in armed activity. And not just that, but also through dialogue, the evaluation of the accords, and the timetable for compliance that we have developed, armed activity has declined further. At the moment we have cleared out a large number of farms in Regions One, Two, Five, and Six, many through persuasion and offers of specific government programs, as in the case of Jinotega, where a 5,000 manzana coffee redevelopment project was begun.

[Aguirre] There was talk that "Dimas" had gone into the mountains again with a certain number of men and with more demands....

[Mendieta] No. Just yesterday I met with him in this office to complete work on the timetable. I can assure you that relations with Commander "Dimas" have never been better than they are now.

[Aguirre] Ms. Jeane Kirkpatrick mentions you specifically in a famous article as a "personal friend" of General Ortega since your guerrilla days. She says that this was a major factor in your appointment....

[Mendieta] In the first place, I did not meet General Humberto Ortega until after I became deputy minister of government, in February of this year. As I told you before, I was a member of the Southern Front in the war against Somoza. There I met people like Commander Daniel Ortega, Commander Victor Tirado, Nora Astorga, and Gaspar Garcia, as I indicated to you before...a number of individuals who are now well-known leaders of the FSLN and others who are now dead. But I did not have the opportunity to meet Humberto Ortega. Yet, through my recent relationship with General Ortega I have been able to see that the political proposals that he has been making are consistent with national realities and in keeping with the line of the government of the Republic, which is a program of national reconciliation. And this program calls specifically for the inclusion of all sectors that want to bring Nicaraguan society together, not polarize it. On the other hand, as long as General Ortega remains the chief of the Army and I remain government minister, I am going to remain in direct touch with him in seeking peace and tranquillity for the country.

[Aguirre] Does your presence in the cabinet reflect your party's position with respect to the government's policies?

[Mendieta] In the first place, I feel that I was appointed because the president has confidence in me, for which I am very grateful to her. Other factors were my willingness to work together with this government and my personal interpretation of the national reconciliation policy as the linchpin of the government. My position as a conservative has also undoubtedly helped too in some way because we conservatives have supported the government of the Republic's policies.

[Aguirre] But is there a consensus within your party to support the government's policies?

[Mendieta] At the moment I am somewhat outside partisan matters, precisely because I have been arguing the need for conservative unity as a vital force in this country's political life. I began to raise the banner of unity, and in December 1990 we achieved broad unity among various conservative parties, with only the National Conservative Party and Dr. Miriam Arguello's small group being left out. I was named president of this conservative union at that time. My language has thus always been the language of conservative unity, and this will be my political position from now on. I do not identify with a given political faction; rather, I will continue my work for conservative unity.

### * Minister on Housing, Infrastructure Projects

*92CA0183C Managua EL SEMANARIO in Spanish No 90, 18-24 Jun 92 pp 20, 21*

[Interview with Minister of Construction and Transportation Jaime Icabalceta by Angela Saballos in Managua; date not given—first two paragraphs are EL SEMANARIO introduction]

[Text] Public transport remains inadequate. People wait for hours to board crowded buses. Construction remains at a standstill. There is no solution to housing problems yet. Our ports are in need of urgent repairs. So are our highways. The railway is inadequate. Bridges are falling apart. The Ministry of Construction and Transportation [Micons], which Jaime Icalbaceta, an engineer, is in charge of, is supposed to come up with answers to all of these problems. The lobby to his office mirrors these major national problems, as people line up there to seek solutions from him. Urban and suburban bus companies are complaining, and so is a taxicab cooperative. Contract engineers are waiting to ask about the results of a contract. Transportation and housing, two vital areas for the populace, hang heavily in the air.

Icalbaceta received EL SEMANARIO in the large conference room. We spoke first about his candidacy for president of the National Conservative Party [PNC]. What does Icalbaceta want inside his party, only the presidency? His response was that he is most interested in unifying all conservatives. This means a conservative consensus, for which he is working hard in the municipalities. The PNC has been run until now by aged oligarchs, the old folks. Icalbaceta is a youngster among them. He then said that the first task is to strengthen his party, "and if this means negotiating, then it will be done, because we are open to everything. But, as a party, we are not shooting at each other to kill. Rather, we are seeing to it that the party grows stronger."

[Icalbaceta] If my candidacy causes resentment in any way, and there have been statements to that effect....

[Saballos] Would you then withdraw your candidacy?

[Icalbaceta] That depends on what is talked about. But I am into my campaign. On Sunday I am heading north, to Samoto.

[Saballos] Your position as minister is of some help to your campaign, your candidacy, is it not, because you can offer and build projects?

[Icalbaceta] I have not thought about tying the two together. If I go around building projects for the benefit of a municipality, logically in one way or another this helps.

[Saballos] So as not to be hypocritical....

[Icalbaceta] So as not to be hypocritical, the construction minister, who goes around building projects, is a figure whom people see.

[Saballos] Barely 18 percent of the public-investment plan has been implemented so far. We are now in the rainy season, which is the enemy of road construction, bridge repair, and other projects. The situation must be even worse along the coast. When are you going to get with it and get the job done, because the year is already half over? Is the 18 percent figure accurate?

[Icalbaceta] Yes, it is. What has happened here is that we thought we could start taking bids with the plans we already had, but when we reviewed the plans, we had to touch them up, and this delayed us. And there were projects for which there were not even site plans. But we have areas where the rains will not affect us. The hardest hit project could be the Matagalpa-Jinotega one, and we are already at work there. There is going to be some impact, but I think that we are going to do the other sections this year. The housing projects are not going to be postponed because the earthwork for this sort of construction is not huge.

[Saballos] Are you talking about the Mexico Project?

[Icalbaceta] The housing plan in general. Whether the Mexico, the Venezuela, or the government plan. We have something from the three areas. We are going to call on the prequalifying firms to negotiate in accordance with the regulations up to such and such an amount. We are calling on the ones that already have their equipment ready. We will give a chance to the ones that are not ready.

[Saballos] Is anyone excluded?

[Icalbaceta] No one. There are enough areas in which to work. In Esteli alone we are going to build 656 housing

units under the commitment that the government has to the military, the resistance, etc.

[Saballos] Do you have site plans?

[Icalbaceta] We are doing them as we go along. When we decide on something, we call in a contractor to help us out.

[Saballos] Why are there no site plans?

[Icalbaceta] Because the government had not planned these housing developments. This is a commitment that the government made to the resistance as a result of events. There are no site plans in Jinotega either, but we are headed there this week to see whether we can begin. These were not projects of the Construction and Transportation Ministry (MCT), but we took up this responsibility to back the Government Ministry.

[Saballos] But why aren't you taking bids?

[Icalbaceta] Because if we start taking bids, we will not get started for months. Everything gets delayed, we all get hurt, and we do not provide jobs, which is what we need. We are going to call for negotiations. Fifteen-thousand housing units were on tap, and these make it 3,000 more. It is a challenge.

[Saballos] Some construction firms were complaining because the Llansa Company got the housing units under the Mexico Plan without a bidding...

[Icalbaceta] In keeping with the commitment under the Mexico Plan, the Mexicans are supposed to do one portion. The Managua mayor's office had negotiated with the Mexican firm ICA [Associated Civil Engineers], and Llansa won out because it had already worked with the ICA people. This is the company that represents them in Nicaragua.

[Saballos] And what are the percentages for Mexico and Nicaragua?

[Icalbaceta] Sixty percent is for the Mexicans. Likewise with the Venezuela Project. The rest is for the Nicaraguan Government working with the various mayor's offices around the country. I am going to negotiate this with the rest of the contractors in Nicaragua. We have the possibility here of negotiating with other contractors who are not affiliated with the Chamber of Construction. Everyone has the same right.

[Saballos] The Pasocaballos Bridge is falling apart. Puerto Corinto is also in bad shape. When will you start working on them?

[Icalbaceta] We are taking care of it. We built a road to resolve the problem and connect terra firma with the port. We will repair the bridge more slowly because we are talking about $3.5 million, which we could use for other things.

[Saballos] The delay in the public-investment projects has left a lot of people out of work in Nicaragua. Do you have an estimate as to how many? Could we say some 9,000, including indirect jobs (food vendors, etc.)?

[Icalbaceta] It would be reckless to cite a figure. We have been providing jobs in road maintenance and other areas. This has not been halted. Some roads got stalled, such as the Izapa project, but bids are now in, and we are going to award the contract. There are 13 companies working on 13 bridges, and two more will be taking part in the latter stages...

[Saballos] Speaking of bridges, are they and the airport going to be privatized?

[Icalbaceta] We have an open mind on that. I do not know why this is viewed as a taboo. The airport...If someone comes to me and says: "Engineer Icalbaceta, the airport...."

[Saballos] Is it true that it has already been awarded to Chepe Chico Teran's firm?

[Icalbaceta] Several firms have been invited to submit bids. It is the same process that I was telling you about...Chepe Chico helped us get the funding, and he is also taking part in the bidding. It may be him; it may be someone else. We shall see. But we already have the aid, which comes from the U.S. Government.

[Saballos] How much and for what purpose?

[Icalbaceta] We have $250,000 for a feasibility study. To see what we should and should not do, whether it is worth repairing. Once the study is done, an investor could well come in and say that he has the money, and we could lease him the airport, since the government awards the lease. Cornap [National Corporation of the Public Sector] has done this already with the shipyards at Bluefields. It was leased for "x" number of years.

[Saballos] Do you have spare parts for the machinery in use at present?

[Icalbaceta] We are having problems with the machinery because it is old. The equipment has to be replaced in certain regions now. Japan is giving us almost 58 used machines. They will be for feeder roads: tractors, power shovels, water pipes, and compactors. We will thus have three brand new modules.

[Saballos] Let us look at the transportation problem. Why is the issue of "unlicensed cabs" still around? People are of the opinion that there is always room for more taxicabs. Why don't you decontrol the medallions?

[Icalbaceta] I am of the view that they should be given to everyone. But the legal cabbies, who have already been authorized by the ministry, are opposed, arguing that they are not going to be able to pay for the car they bought, that there are going to go broke, that there are enough cabs. This is the same thing that the bus companies tell me about the routes: that they are already overloaded. But you always see people hanging outside. So I then ask myself how the route can be overloaded when the poor people are hanging out the buses. That should have disappeared by now.

The problem is interest groups. They want to be the only ones who come out winning. And you cannot give to

everybody because we have a commitment, agreements. I make them see that we have to seek a solution for people. We provided a solution for 260 families by way of taxicabs. But there is heavy pressure, huge lists. So we are going to do a study and see what it says.

[Saballos] But there are obviously too few units, and bad ones at that....

[Icalbaceta] The companies are putting fewer buses on the road. The customers suffer. And we have not had the power to compel them. This has happened to us with Enabus [National Bus Enterprise]. There is a lack of discipline in the union. But either they realize it or else leave the company. They want to do whatever they feel like, and that cannot be. The company is broke because they waste the money they make. This is why they did not want the handicapped to be the ones who collected.

[Saballos] Finally, when will the Construction Council be organized to help the Construction Ministry? So that everyone having to do with this area, which can cause so much trouble, can be present....

[Icalbaceta] There is no council. No. Because you make no progress when everyone is voicing opinions. You slow yourself down.

**[Box, p 21]**

**The Builders Speak out**

The president of the Chamber of Construction, Francisco Reyes, has protested the contracts that were awarded to certain companies in the wake of the Micons competitive biddings. He feels that many of these companies have obscure origins and even suspects that they are parastate enterprises and therefore "do not have to pay for their assets, which enables them to submit lower bids." He mentioned the construction firm Obrinsa, adding, however, that his remarks are speculative.

Reyes also said that he disagreed with the decision to allow the Mexican firm ICA, to which Mexico awarded the contract for 60 percent of the homes under the Mexico Plan, to handpick the Nicaraguan construction firm Llansa without taking bids. This was not the case with the homes under the Venezuela Plan, under which Venezuela will be paid 60 percent in goods and services but which allows for a bidding to link up with various Nicaraguan construction firms, which can also form a consortium with the Venezuelan companies.

Reyes is not against the negotiations that Micons may conduct instead of competitive biddings, because in many cases they could be completely up-front. "We need legislation, even if we are talking about donations or loans, because the foreign firms bring in everything tax-free, and we have to pay taxes. This means that we cannot compete on an equal footing," he asserted.

Reyes remarked that the lowest bid does not necessarily win all the time. Rather, the decision is more complex because the merits of the bid and the experience of the builders, as well as the price, must be considered. "This is a business," Reyes commented.

The homes to be built under the Mexico and Venezuela plans are low-cost units, costing a minimum of some $125 per square meter.

The Chamber of Construction is trying to pressure what it considers a slow-moving government into faster action, fearing that Mexico and Venezuela will hold back their money, which is now ready for starting construction work, when a new fiscal year begins and that the projects will not be undertaken. "There are deadlines," he stressed.

Pedro Cuadra, an engineer with almost 40 years experience, remarked that he finds Mexico's attitude imperialistic and that projects of this size are usually undertaken with nationals pursuant to competitive biddings. The funding for these projects also comes from the BCIE [Central American Bank of Economic Integration], and Nicaraguan builders are fighting to have this share assigned to them. Cuadra commented that these projects may not generate much profit because that would boost the price of the homes, which are supposed to be low-cost.

Cuadra said that it was important for these projects to allow for the entry of small-scale builders, to have good engineering so that work can proceed quickly, and to have money readily available so that there are no delays.

The projects in question are receiving $8 million in funding from Venezuela and $11 million from Mexico, $16 million of the latter from the BCIE [as published]. These are all loans that must be repaid. What will the policy of the Housing Ministry, which is under Micons, be towards the firms that have won the contracts to build these homes? At the moment these are the projects that will revitalize the country's currently depressed construction industry. There is an extremely severe housing shortage in Nicaragua.

## Argentina

### Menem Administration Reaches 'Turning Point'

*PY2107232492 Buenos Aires BUENOS AIRES HERALD in English 21 Jul 92 p 1*

[Excerpt] (NA-DYN)—The government caused anxiety in business circles yesterday with an apparent willingness to bend the course of Convertibility in return for the support of organized labor for the reelection aspirations of President Carlos Menem.

Following concessions to the CGT Confederation of Labor last Friday [17 July], Menem yesterday seemed to confirm a change in course by saying his administration had reached "a turning point," and would set out to build "a humane capitalist system, with deep social and ethical contents." Menem spoke yesterday at a "Capitalism versus Capitalism" seminar organized by the Professional Economic Sciences Council.

The effort, Menem added, will hinge upon "each and every governor and mayor, because the President is not an all-powerful magician when it comes to solving problems." The President said the second phase of his government will have as its aim a fairer economic model, because "we cannot raise stability and privatizations to god-like status and think of them as ends in themselves."

He said that "the rebuilding of the state primarily rests upon the strengthening of fiscal resources, the policing of public services in private hands, ecology protection, revolutionizing the judicial system and decentralizing social spending."

At the same time yesterday, the government's economic policy came under fire from the industrial sector, farm associations and trade unions, who are questioning the handling of vital economic issues such as import tariff levels, the current fixed exchange rate, and proposed pension fund laws. Government sources denied that concessions granted on Friday to the CGT General Confederation of Labor and official announcement on capitalism with a human face constitute a U-turn on economic policy.

Economy Minister Domingo Cavallo lashed out at the opposition Radical Party, saying its thinking was "marooned in the pre-Sourville era, that is in the days of Illia in 1963 and Grinspun in 1984." Financial markets reacted badly to the Friday accord with the CGT, (?with) leading shares plummeting by over four percent. With July inflation expected to be 50 percent above June's 1.4 percent, the government is additionally expecting pressure from exporters and the farm sector. [passage omitted]

### Government Denies Bowing to Union Pressure

*PY2107231692 Buenos Aires BUENOS AIRES HERALD in English 21 Jul 92 p 11*

[Excerpt] (NA-DYN)—Amid mounting rumors of a shady deal between the General Labour Confederation (CGT) and the national Cabinet, the Labour Ministry yesterday flatly denied that the government had bowed to pressure from the trade union movement and claimed the pact signed last Friday [17 July] by the sides to avoid a general strike would not affect the government's socio-economic program.

Diaz said the government had been able to prove its "power of negotiation," adding that President Carlos Menem had given out very clear orders "not to give in on any central point of his polices, and we didn't."

The minister's words were echoed by his second-in-command, Enrique Rodriguez, who said: "All negotiations entail concessions and that's good, but the government didn't grant anything that could significantly alter its policies."

Rodriguez likewise denied rumors that Labour Minister Rodolfo Diaz had been sidelined from talks with the CGT, stressing that "the minister negotiated through my intervention because I'm part of his department."

The labour secretary was reacting to statements yesterday made by one of the five CGT secretaries-general, Raul Amin, who said "I can prove the Labour Ministry has been completely dismantled."

Rodriguez contended that while his ministry had forged the agreement, "an unscheduled interview (of CGT leaders) with Economy Ministry Domingo Cavallo took place at a specific venue, and I learned about it later."

According to the official, the CGT delegates were meeting with Cavallo just as he was signing the pact with another group of union leaders.

He also praised "the intelligence of the CGT leadership under Secretary General Oscar Lescano, who were able to show we are living in times of a new trade unionism." [passage omitted]

### Minister Insists Weapons for Training

*PY2107171892 Buenos Aires TELAM in Spanish 1320 GMT 21 Jul 92*

[Text] Buenos Aires, 21 Jul (TELAM)—Defense Minister Antonio Erman Gonzalez today said that the Argentine Government will not engage in any arms buildup and will consequently not spend money on sophisticated weapons.

"Argentina will not spend money on an arms buildup or on sophisticated equipment. We are not promoting that trend. What we do want is to replace items that are indispensable in training our pilots," the minister said.

Gonzalez explained that during his recent trip to the United States "we did not go to buy weapons. We stated that we needed some of the obsolete weapons that the United States is putting out of service, in order to replace items that were lost in the Malvinas [Falkland Islands] war, in order to continue to train our Armed Forces, and in order to maintain their deterrent power."

This is how the minister replied to a question put to him by Radio Mitre on the fact that within fewer than 30 days the Argentine Government will sign a contract with

the United States for the purchase of Skyhawk planes, to replace the planes that were lost in the Malvinas war.

The minister said that "thanks to the strong and positive ties with the Pentagon, and thanks to the fact that the United States has understood that we are not engaged in any arms race, the price of the planes is so low that they can be considered a gift."

Gonzalez denied that his report to the national Cabinet on Shining Path activities sought to exert pressure for the approval of a higher defense budget. "We say once and for all that we will not ask for allowances for weapons, because we know that there are other priority areas that are more important, especially in the social area," he said.

The minister was also asked about the reasons for the attack against Border Police Commander Roberto Villalba—the assistant to Border Police Director Jorge Suerz—who was wounded by a video cassette that blew up. The cassette was for his chief. The blast injured Villalba in his left hand, his abdomen, and an eye. The minister replied that he did not yet have "a comprehensive official report."

Even though he said the attack "could have something to do with drug trafficking, because the Border Police have been more closely engaged in the antidrug fight," he did not rule out other possibilities.

Concerning the type of explosive that was used, he said that "it will surely give police a clue, because it is an unusual type of explosive, which is not very common in Argentina." He confirmed that the explosive was in a video cassette.

### Justicialists Respond to Radicals' Document

*PY2107231292 Buenos Aires BUENOS AIRES HERALD in English 21 Jul 92 p 11*

[Excerpt] (NA-DYN)—The Radical National Committee document stating that the Justicialist administration's economic plan "is approaching a point of exhaustion" provoked reactions from the government and the Justicialist Party, while Radical leaders defended its contents.

The Justicialist Party National Council made public a counter-document called "Without Memory or Shame," in which it accused the Radical leadership of "betting on the failure of this government."

The Justicialist leadership urged the main opposition party to carry out "a genuine and serious self-criticism of its severe deficiencies as a government."

In turn, Interior Minister Jose Luis Manzano said that the document "was written supposing that the General Labour Confederation (CGT) was going to strike, but as union grouping lifted its measure, the strong wording of the statement was deprived of any basis in the social sphere."

Meanwhile, Provisional Senate President Eduardo Menem said the Radicals "have no moral authority to ask for changes in the economic policy since they have failed so completely in the economic field."

After stressing that "the economic plan is in fact a success" the President's brother pointed out that "one would think that the Radicals lived on another planet and wanted to come here to tell us how to govern, but the truth is that not long ago they were responsible for a horrible administration." [passage omitted]

### Great Britain Oil Prospects Near Falklands

*PY2007180992 Buenos Aires CLARIN in Spanish 19 Jul 92 pp 2-3*

[By Daniel Santoro]

[Text] Great Britain has threatened to unilaterally begin prospecting for oil in the territorial waters of the Malvinas Islands [Falkland Islands] before the end of the year, following the failure early this week of the second secret negotiations with Argentina on this conflictive issue.

British sources consulted by CLARIN said that although the British Embassy in Buenos Aires had not received any order from London by 17 July to report this decision to the Argentine Foreign Ministry, the possibility of conducting oil prospecting "has not been ruled out."

The pressure exerted by the Kelpers (and the British companies operating in the area) to begin the oil prospecting "next October" is the main factor that will reportedly force London to make the first unilateral step since diplomatic relations were restored in February 1990.

In November 1991 London authorized the Kelpers to grant licenses for oil prospecting. This decision is pending now in face of the negotiations which have not yet yielded any results.

London will reportedly make this decision unilaterally if no agreement is reached with Argentina before the end of the year. The British expression "we do not rule out the possibility" entails a warning that political efforts—after one year of expectations—are being exhausted.

Both parties are committed to reaching a negotiated settlement on this critical situation. Foreign Ministry sources told CLARIN that a high-level British-Argentine meeting on hydrocarbons will be held in Buenos Aires.

Argentine sources reported that the Argentine negotiators returned from London this week with various "non papers" [preceding two words in English] (informal papers with no document value) containing a new proposal.

The content of this proposal is still unknown. Returning from a tour of Caribbean countries, Foreign Minister Guido di Tella will decide on whether he accepts or rejects it, or makes a counterproposal.

It has been learned, however, that London's original offer had been accepted as "a basis for negotiations," and was later rejected after the talks with Foreign Relations Under Secretary Rogelio Pfirter, who is the Argentine negotiators' head.

An official report states that this original proposal encompassed a decision to accept seismic prospecting cooperation. In London, the British expressed the verbal

idea of "separate waters." According to this formula, Great Britain wants Argentina to accept that London can grant authorization, by itself, for oil prospecting in a number of areas, delimited within the fishing preservation zone (FICZ) and in a semicircular fishing prohibited zone on the eastern part of the island.

The only exception for the British would be the small area where the 200 miles ranging from the Argentine mainland and the 150 mile radius of the FICZ overlap. Diplomatic and congressional sources report that according to the general guidelines of the proposal submitted to the Argentine Foreign Ministry on 23 June, the British do accept shared administration and exchange of information in this area.

Seismic prospecting is the first basic step of the three areas included in the oil activities.

The second step is exploration—that is, the drilling of wells—and the third is exploitation—that is, the extraction of the oil.

London will only allow the Kelpers' government to take the first step, for the time being, but has announced to Buenos Aires decision to comply with the commitment of "avoiding surprises" in the resumption of bilateral relations.

The Argentine proposal submitted during the negotiations in February, which was not accepted by Great Britain, set up cooperation within the whole of the Malvinas territorial waters, including part of the 200 miles that corresponds to Argentina's mainland coasts, and part of the platform located in the east, beyond the 200 mile zone off the islands.

Alluding to the Kelpers' position, a British source said: "We want to cooperate, but we can not accept a shared political authority," in the Malvinas waters.

Private talks are being held in London between the Kelpers and the government of Prime Minister John Major. On 14 July the Kelpers released a communique to demand that seismic prospecting "begin in October and end during the first months of 1993."

Diplomatic sources have stated that the policy of the Foreign Office [preceding two words in English] (the British Foreign Ministry) "is to move forward step by step, and very slowly," because it is aware that "there will be no negotiations if an agreement is not reached with Argentina." Private enterprises are not willing, for the time being, to invest millions in oil prospecting and exploitation if they lack legal and political guarantees that tensions no loger prevail in the zone.

## Bolivia

### Government 'Regrets' Controversy Over Troops

*PY2107173092 La Paz Radio Fides Network in Spanish 1100 GMT 21 Jul 92*

[Text] Congressmen interpret in their own way the presence of U.S. troops in Santa Ana del Yacuma. Government leaders in Congress have stated that the presence of U.S. troops is legal, and opposition lawmakers term it unconstitutional. We listen first to Gaston Encinas, president of the Chamber of Deputies.

[Begin recording] [Words indistinct] that Congress has granted a special authorization to U.S. troops to carry out exclusively civic activities. This was scheduled and included in the request made by the executive branch, which was later approved by Congress. Anyway, we do not know exactly, because we only have press reports and the (?denunciations) [words indistinct] especially by the Catholic Church. [end recording]

Free Bolivia Movement Deputy Alfonso Alem warned Encinas that the Constitution is higher than any type of agreement. He said that even if an agreement had been reached, Congress did not ratify any of the agreements signed in 1962 and 1990, and consequently they should not be used as justifications for allowing a U.S. military presence in the country.

United Left Deputy Gregorio Lanza, who was a member of the verification commission in Beni Department, believes that the Americans have taken advantage of the Bolivian Government's good faith to initiate a low-intensity war.

[Begin recording] The group belongs to the 77th Airborne Brigade, based in North Carolina. It is made up of 120 men, including five engineers who are experts in the construction of airports and military bases and in demolitions. There are also approximately 12 trained officers, that is, rangers, and 222 men who are expert parachutists. They are part of the special troops that carry out quick transport operations in the United States. They have been in Honduras and in the Persian Gulf, and they are now carrying out a low-intensity war in Bolivia. [end recording]

Meanwhile, the National Unity government regrets that it did not report in a timely manner the presence of U.S. troops in Santa Ana del Yacuma. Interior Minister Carlos Saavedra Bruno said: The government's negligence has created sensitivity, but as it is never late to rectify matters, I should report that in addition to a school and a couple of latrines, the U.S. troops will build an important garrison for Umopar [Rural Area Police Patrol Unit].

[Begin recording] [Words indistinct] earmarked for the construction of the Umopar garrison [words indistinct]. We are deciding whether it will be located in Trinidad, Santa Ana del Yacuma, or somewhere else [words indistinct], which would be appropriate because we already have a facility in the middle of the country, that is, in Cochabamba. I am providing this information for the first time. I admit that we ourselves are responsible for some of the information and doubts. [end recording]

Saavedra Bruno rejects the possibility that the U.S. troops' presence will generate a low-intensity war in Bolivia.

### Minister: Lack of Explanation for U.S. Presence

*PY2107152492 La Paz La Red Panamericana in Spanish 0000 GMT 21 Jul 92*

[Text] Interior Minister Carlos Saavedra today confirmed that the government has made a mistake in not supplying, in a timely manner, clear and precise reports on the Bolivian-U.S. relationship in the antinarcotics struggle, and on the presence of U.S. military forces in our country.

The state dignitary admitted the mistake in an action similar to that officially taken by the minister of the presidency a few days ago.

Carlos Saavedra responded at a news conference to many questions posed by journalists. [passage indistinct]

While admitting the mistakes made by the government, the interior minister called attention to the attitude of some congressmen and media in dealing with certain issues. He pointed out that it is everyone's responsibility to prevent unrealistic speculation and rumors.

The minister said the issue of the nuclear waste dump site in Beni Department has been totally disavowed, but now speculation has begun on the installation of U.S. military bases in Beni Department. [passage indistinct]

During the news conference, the interior minister gradually disclosed a goal of limiting the presence of U.S. military men in our country to 122. He said the (?presence) of U.S. military forces includes that necessary for the construction of a general headquarters for the Umopar [Rural Area Police Patrol], the special antinarcotics force (?combatting) drugs in the Chimore region [words indistinct] as an alternative.

Saavedra said that after the antinarcotics operation carried out a year ago [words indistinct] in Beni Department, local and capital government officials asked the government to withdraw the DEA and Umopar agents [words indistinct], describing as inappropriate their presence at a downtown hotel in the capital of Beni Department. At that time [words indistinct] to move the antinarcotics personnel to another location, and the construction of barracks [words indistinct] in the interior became necessary. [passage indistinct]

The interior minister addressed another two issues: charges that the DEA yesterday virtually seized control of the Viru-Viru airport in Santa Cruz [words indistinct] the Ministry of Transport must respond on this issue.

In addition, the interior minister rejected reports that DEA agents and agents from other U.S. agencies (?are dodging) National Directorate of Immigration [Direccion Nacional de Inmigraciones] controls. He stressed that all U.S. citizens are entering or departing our country with the appropriate visas, and that there is [words indistinct] between the U.S. Embassy and the Bolivian Government.

### Peasant Students Demand DEA Agents' Expulsion

*PY2207012492 La Paz La Red Panamericana in Spanish 0000 GMT 22 Jul 92*

[Text] The committee of peasant university students admitted that, through a document handed to La Red Panamericana radio station, the Fifth National Congress of the Single National Confederation of Bolivian Peasant Workers demands that the penalties contemplated in Law No. 1008 be suspended and that the government immediately present to the United Nations a new agreement lifting the drastic measures that prevent Bolivia from trading coca leaves.

The communique—which was signed by (Rene Perez Chuca), (Alejandro Vilaquisa), Pedro Manzano, and others—also demands the immediate expulsion of U.S. DEA agents from the country.

## Brazil

### CPI 'Will Not Extend' Report Deadline

*PY2107150692 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 20 Jul 92*

[Text] The Congressional Investigating Committee [CPI] which is investigating the activities of businessman Paulo Cesar Farias will not extend the deadline of its final report. Today the CPI received the documents it had requested from the Central Bank.

The documents arrived this morning, but the CPI began studying them late this afternoon in the presence of Central Bank [words indistinct], who initialed each document together with the chairman of the CPI.

The documents, which will be kept in Congress' vault, contain records of deposits made into and checks issued against the banking accounts of 13 individuals, including people who deposited money into Ana Acioli's account, and three companias: EPC [Participacoes e Construcoes Enterprise—Construction Investment Enterprise], Brazil Jet, and Mundial. The information has been received from three different banks: BMC [Banco Mercantil de Credito—Mercantile Credit Bank], Bancesa [Bancesa Commercial Bank, Inc.] and the Rural Bank.

After reviewing some of the documents, CPI Chairman Benito Gama said that this was the missing piece in the puzzle they had been trying to put together.

[Begin Gama recording] These documents support, at least partially, the theory of Mr. Paulo Cesar Farias' involvement with certain government organizations. We cannot say, however, that we have concrete evidence, or that the report is ready. [end recording]

### CPI Reaction to Documents

*PY2207023292 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Jul 92*

[Commentary by Alexandre Garcia in Brasilia]

[Text] According to the members of the CPI [Congressional Investigating Committee] investigating the PC

[Paulo Cesar] Farias case, the documents they received from the Central Bank are surpassing their expectations. The documents are surpassing their expectations given the volume of material and the amount of people involved in the case. This is leaving the CPI members in awe. In fact, the CPI is leaving the summons of new witnesses or the face-to-face confrontation of people who already testified before the CPI for a second stage. Another sign of this awe is that Deputy Ulysses Guimaraes, who is always present at the more serious events, today met with CPI coordinator Senator Amir Lando, who briefed him on the situation.

[Begin Guimaraes recording] I feel a very tense atmosphere in the CPI today. There is a great concern, which I share. I would say it is a tense concern. I also feel unhappy because of the nature of the subject. [end recording]

Representatives of the opposition parties in the CPI are meeting right now in the office of Senator Pedro Simon. According to Simon, the importance of the documents brought from the Central Bank has created unrest among the opposition representatives. This meeting will serve to stop the congressmen from making any prejudgment, giving their opinion, or granting excessive interviews on the subject, in order not to affect the CPI's work. The CPI's responsibility now has increased with the presence of these documents.

## Former Deputy To Prove Collor-PC Link

*PY2107190592 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 92 p 4*

[Text] Brasilia—Former Deputy Sebastiao Curio yesterday said that he is willing to prove that businessman Paulo Cesar Farias, known as PC, was President Fernando Collor's envoy in obtaining 10 million cruzeiros (at rates that were in force in October 1990) for his campaign for a seat in the Chamber of Deputies. Curio confessed that he committed an electoral crime, but said he was willing to go all the way in clarifying the links between Collor and PC. "I am personally convinced, but the CPI [Congressional Investigating Commission] must analyze the information," he said.

Curio, who is a retired Army officer, will meet today with Chamber of Deputies President Ibsen Pinheiro and with Benito Gama, PFL [Liberal Front Party] deputy for Bahia and chairman of the CPI looking into the charges against PC. Curio is willing to prove to the commission "the support that President Collor" gave to his campaign. He promised to give "more information, depending on the work by the CPI." In order to counter any claims that might attempt to neutralize his charges, he stressed that he is not acting on behalf of the intelligence community, which is made up of the remains of the defunct National Service for Intelligence (SNI).

"I am sorry to have to involve the president, whom I admire, but I cannot consider Fernando Collor as a person and the president as two different persons," he explained. "I must say that no group, organization, or coupist syndicate conspiracy has anything to do with my charges. I am acting on my own," he said.

Curio said he is convinced that the charges and the recorded tapes of his conversations with PC, with former Minister Bernardo Cabral, and with the then Mercedes Benz executive, Luis Adelar Scheuer, prove the "Collor-PC" connection, as he put it. "Now, it will be rather difficult for President Collor to give an explanation," he said. "Depending on the developments within the CPI, many other things may emerge." According to Curio, his decision to give the CPI information leading to proof of the president's involvement is "irreversible". "My head [cabeca de curio] is too small to encompass so many facts," he said.

### Reaction

Presidential spokesman Pedro Luiz Rodrigues said last night that the government will today consider the possibility of filing a lawsuit against Curio. "The report will be examined, and if it is slander, the government will reply," he said. Rodrigues denied that Collor helped any candidate in the elections in 1990. The reactions to the charges leveled by Curio will be studied at a meeting to be held at 0900 between the main advisers to the president: Justice Minister Celio Borja, Economy Minister Marcilio Marques Moreira, and Minister Secretary of Government Jorge Bornhausen.

## Poll Reveals Support for Collor's Resignation

*PY2107184292 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Jul 92 Section 1 p 8*

[Summary] A poll conducted by the DataFolha firm reveals that more than 52 percent of Rio de Janeiro and Sao Paulo voters support President Collor's resignation or his temporary withdrawal from the government until the Congressional Investigating Committee hearing the Paulo Cesar Farias case concludes the investigation. This is the highest rate of rejection detected by DataFolha since it began the polls 50 days ago.

According to DataFolha, 36 percent of voters in the two capitals advocate Collor's resignation and 16 percent want his temporary withdrawal, while 43 percent of the Rio de Janeiro voters believe that Collor should not resign.

## Collor To Attend Ibero-American Summit

*PY2107212092 Madrid EFE in Spanish 1606 GMT 21 Jul 92*

[Text] Brasilia, 21 Jul (EFE)—In an interview granted to the EFE news agency, Brazilian President Fernando Collor has stated that Spain's and Portugal's "huge economic potential" with respect to Latin American countries is unexplored.

The 42-year-old president said that the Brazilian Government terms "enriching" the dialogue and possible cooperation with the group of 21 countries that are linked by history but are different and with defined political systems.

He stated: "We have a huge unexplored potential in the commercial field and many rooms to fill in the direct investment area. We also are economically subordinated in various areas and have defined policies to offer as guarantees for investments and common economic initiatives."

Collor will leave for Madrid tonight to attend the Ibero-American presidential summit on 23 and 24 July. During the interview he noted the dual aspect of the group of 21: identity and diversity.

Collor termed the dialogue and possible cooperation as enriching because "we belong to countries with different political systems and regions that are engaged in a different integration process."

The Ibero-American group, as Collor likes to call the agreement mechanism, can help develop South-South cooperation with developing countries and North-South with those EEC members—Spain and Portugal.

Concerning the role of "bridge" that Spain and Portugal can play between the EEC and Latin American countries, Collor stated that the confidence attained and expressed through the governments' political will should lead to concrete initiatives.

Collor stressed the need for governments to persuade economic agents, training and research institutions, and government organizations on the significance of these relations within the framework of a more international insertion.

He noted, however, that Latin American nations "do not seek paternalist attitudes" with respect to Spain and Portugal because "they were able to transform themselves to have a new access to the international community."

He stated: "Portugal and Spain, which faced political processes similar to those of their former colonies in America, are linked to our countries through many common identities. They offer the best conditions to promote concrete initiatives and to understand the decisive moment affecting our continent."

Collor noted that "a substantial part of the significance and originality of the Ibero-American group is based on its diversity and pluralism."

He said that subregional integration processes like the Common Market of the South comprising Brazil, Argentina, Paraguay, and Uruguay should not exclude each other.

He stated that despite the lack of democracy for a long period of time, neither Spaniards, Portuguese, nor Latin Americans gave up to freedom and promoted exemplary democratization processes.

He said: "Both processes had an impact in the international arena and greatly preceded the true revolution for the sake of freedom that has characterized the end of the Cold War. Both were the result of the bloody struggle of our people, who never gave up their ideals of freedom, respect for human rights, and the will to participate and decide on their fatherlands' future. [no ending quotation mark as received]

Collor said that Portugal and Spain have moved ahead in this process and already defined the socio-economic base that supports their full democracy, while Latin America still is struggling against the heavy heritage of the past, like serious poverty and social and regional inequality.

He stated: "We are trying, however, to join modern liberalism with a deep social concern to grant political and social stability, as well as strength and economic competitiveness, to our countries."

Brazil hopes that the second Ibero-American summit will help consolidate the agreement mechanism with "concrete initiatives" on cooperation issues in the education area, among others.

Collor said the Brazilian Government can cooperate in this area with its experience in basic education through the Integrated Center for Assistance to Children.

The third Ibero-American summit will be held in June 1993 in Salvador, Bahia State, Brazil's colonial capital, founded in 1549, and currently with 2.5 million inhabitants.

Collor will leave tonight from Brasilia, and is scheduled to arrive in Madrid on 22 July at 1300 local time.

### * Gros on CPI, Dollarization, Inflation

*92SM0491A Rio de Janeiro O GLOBO in Portuguese 21 Jun 92 p 46*

[Interview with Central Bank President Francisco Gros by Coriolano Gatto and Cristina Alves; place and date not given: "CPI Makes Things Uncomfortable for Administration"—first four paragraphs are O GLOBO introduction]

[Text] Francisco Gros, 50 years old and a native of Rio de Janeiro, does not appear to be sitting on a keg of gunpowder. As president of the Central Bank [BC], he witnessed unequivocal proof last week of how the financial market, which provides an exact measure of the country's mood, can fluctuate. On Wednesday the stock markets fell by more than 8 percent, and in the next day's bidding they closed up 10.6 percent.

Behind that frantic seesawing is the CPI [Congressional Investigating Committee] that is investigating Paulo Cesar Farias and "making things uncomfortable for all of us," says Gros, with no change in his unhurried gestures. "But the administration is not paralyzed."

Gros is convinced that there are no magic tricks capable of doing away with inflation and rejects dollarization and price freezes: "We are not going to put our hands in people's pockets." But he points out that the widely touted fiscal reform is not going to halt price rises immediately. "They have made the fiscal agreement out to be a panacea," he warns. In his opinion, the drop in inflation will be slow. "Compared to other countries, we

have no idea what sacrifice is. It is always necessary to adopt tough measures to contain government spending," he says.

In this interview with O GLOBO, Gros admits that interest rates are high because of a persistent climate of distrust. "People demand a high rate because they feel that we are going to take their money away from them," he says. But the Central Bank president himself does not benefit from those higher rates: He says that by the end of the month, he does not have enough money left to invest in the market: "My cash flow is always negative." Gros spends a good share of his income buying domestic and international airline tickets for his wife Isabel, who is also an economist, so that she can accompany him. "Otherwise the marriage is over," says Gros, who does own a stock portfolio.

[O GLOBO] The financial market has been through a hectic week because of the CPI [Congressional Investigating Committee] that is looking into the PC Farias case. What has the Central Bank been doing to calm the market and explain the accusations involving that businessman?

[Gros] The Central Bank does not have the power to calm the market. What can be done is to talk to people, provide information, and show that the economic policy is continuing to function. After that, it is up to each individual to evaluate the information and make his decisions. I have reiterated several times that panic is not a good adviser. When the markets are fluctuating considerably, it is not a good idea to venture into them. Look at what happened: On Wednesday the stock market dropped by more than 7 percent, but on Friday it was up by more than 7 percent. Anyone who sold on Wednesday did not get a good deal. The BC does not base its action on how nervous the market is. As for the CPI, its activity is being conducted by the legislative branch. If information is asked for at some point, the BC will do its job. But so far there have been no requests to the BC from the CPI. We are observers, like the rest of Brazil.

[O GLOBO] So the BC is not doing any tracking as far as the PC Farias case is concerned?

[Gros] The BC is not taking any steps on the basis of requests from the CPI. The CPI has not asked us for anything. But independently of the CPI, an investigation is also under way by the Federal Police. The Federal Police have been heading up an investigation for some time now with the cooperation of the BC.

[O GLOBO] How long have you been working at the request of the Federal Police? What is being investigated?

[Gros] So far we are keeping records on 20 names. By the 26th of this month, we will have received information from the banks, finance companies, brokerage firms, and securities dealers concerning those people and firms. It will include everything from checking accounts to financial investments. The conclusions will be drawn by the Federal Revenue Office and the police.

[O GLOBO] If you are summoned, will you testify before the CPI?

[Gros] I am available, as a citizen, to carry out all my civic duties.

[O GLOBO] Senator Eduardo Suplicy sent you a request for information about the Correcao securities firm of Sao Paulo, which reportedly had managed to stop the audit to which it was being subjected because it had given money to the PC operation. Can you confirm that?

[Gros] We received the senator's request at 1630 on Wednesday, and by 1800, we had already provided the information requested. It does not warrant action, and the investigation is continuing.

[O GLOBO] Were you ever visited by businessman Paulo Cesar Farias or someone claiming to represent him?

[Gros] I do not know Paulo Cesar. I have never spoken with him. That certainly disqualifies me from being a member of the Brazilian elite. (Laughter.)

[O GLOBO] Is this CPI, which has even generated talk of impeachment proceedings, causing more trouble for the BC than the 23 percent inflation rate?

[Gros] No. It is the sharp individuals who spread rumors who win. That is what speculative markets are for. You do not go into a casino unless you are prepared to take risks. At no time has the administration lost its ability to function. As a Brazilian, I would prefer to see a less confused political situation.

[O GLOBO] But is it making things uncomfortable?

[Gros] I do not sense any paralysis. The administration is functioning normally. People say that the administration should adopt tougher measures. What they mean is that it would be better to play some magic trick or to put our hands in people's pockets. Two things are very clear. The administration can adopt tough measures at any moment. The BC adopted tough measures in September and October of last year (intervention in the exchange market and withdrawal from the gold market). But the steps it takes will be in the direction of orthodoxy: firmness in controlling public spending. Never a magic trick. We are not inventors. It needs to be made very clear that any adjustment measure needs to be at the expense of the public sector. It does no good to sacrifice the private sector, as used to be the normal practice. Prices would be frozen, but only in the private sector, because the government's prices would be adjusted ahead of time. The public would become nervous. It is like that business of a Pavlovian response (from Pavlov, the psychologist responsible for the theory of the conditioned response): As soon as people got a whiff of anything, they would know that the government was up to something and about to hit them over the head. All it would take is a whiff, and everyone would get nervous. It does no good to announce a big package of government spending cuts. How many announcements of that kind were made in the past? And did any of them result in big spending cuts? No. So it does no good to announce those things publicly.

[O GLOBO] What will those tough measures be?

[Gros] More belt tightening. Every spending reduction makes someone unhappy.

[O GLOBO] Do you mean that the government already has all the instruments it needs for checking pessimism despite the CPI and the discomfort that CPI has caused for the administration and the president of the Republic himself?

[Gros] The CPI is making things uncomfortable for all of us as citizens. It is unpleasant. But that does not prevent the country from continuing to function normally.

[O GLOBO] Businessman Leopoldo Collor, the president's brother, is being accused by Augusto Morbach of irregular conduct in the parallel dollar market. Is that matter being investigated by the CPI?

[Gros] No. I learned of it in the newspapers.

[O GLOBO] The country has $20 billion in reserves. With that amount, is it not tempting to introduce a dollarization program, as the market has been speculating would happen?

[Gros] That amount is far below what would be needed for an Argentine-style dollarization. I feel that it would be a step taken in desperation. It does not solve any fundamental problems. In the Brazilian case, it would be one more attempt to sweep the main problem, which is fiscal overhaul, under the carpet.

[O GLOBO] Fiscal reform has become a last resort for the Brazilian economy, and the government has been having trouble getting it approved. Without it, what other alternative remains for controlling inflation?

[Gros] We in Brazil have become accustomed to instant solutions. The Cruzado Plan was an example of that, and there is a certain longing for the permanent solution. The result is that we have made the fiscal agreement out to be a panacea—a solution to all of the country's problems. A fiscal agreement does not have that ability. It is not a gadget that will allow us to go to sleep one night and then wake up the next morning with all our problems solved. The fiscal agreement is a process that has been under way since March 1990, as we have maintained our cash surpluses and as the privatizations have lightened the government's burden on society. It has been under way as part of the program for controlling public sector spending. And it will continue. We want the agreement to be the result of consensus. Otherwise it will be necessary to reduce expenditures even further. But if that happens, the roads will not be repaired, no more schools will be built, and there will be no money for health care. Without an agreement, the cost will be very high.

[O GLOBO] And will gradual measures solve the problem?

[Gros] What is the alternative? Over the past six years, we have tried all the alternatives. You can see that inflation is rising. If we administer a shock, inflation will rise even faster after the controls are lifted.

[O GLOBO] The country has been living with inflation of more than 20 percent and high interest rates for nine months. How much longer will it be possible to go on this way?

[Gros] I would say that countries can put up with extraordinary things. Before achieving its stability, Argentina put up with two periods of hyperinflation and a war that it lost. The same is true of Germany. If you want a frank answer, I will say that compared to other countries, we have no idea what sacrifice is. If things were that tight with us, would we not have already approved the fiscal reform?

[O GLOBO] So we are going to put up with more sacrifices?

[Gros] I do not know. It depends. If we reach an agreement with society, it may be easier. Interest rates will fall, and inflation will fall.

[O GLOBO] Whenever the BC enters the dollar market to keep things under control by shoring up the rates, is it not society that pays the bill?

[Gros] No. I do not see it that way. We act in response to a demand for funds that is out there. As long as that demand is legitimate, we will respond to it. It does not seem to me that having a big rate difference is a prudent economic policy measure.

[O GLOBO] When the government froze cruzados, it withdrew 80 percent of the money that was in circulation. Now, two installments are left before all that money is returned, and inflation is still high. Was the freeze a failure?

[Gros] No. We had uncontrolled inflation of more than 84 percent per month, and we have wound up with inflation that is still high but under control. The second thing to remember is that the program at that time assumed that a number of things would happen during the period before the cruzados were returned. The freeze was for a reasonably short period. They imposed the freeze for 18 months in the belief that the country would be patched up during that period. We are going to carry out the fiscal agreement, and we are going to privatize. They also believed that the cruzados would be used for privatization, and that would have reduced the amount to be returned. I feel that they wanted to patch up the country in six months. We were headed for a deficit of 10 percent of GDP. We turned that into a 1.2 percent surplus. The result for the year was a deficit of 2.5 percent, and this year should be the same. It has been one more step.

[O GLOBO] Was there excessive optimism on the part of the previous team?

[Gros] The government's ability to put its house in order was overestimated. But government does not have an easy job. The Rio Doce Valley Company obtains money for five years at 9 percent per year. And here we are issuing securities for up to 15 months and paying 27 percent per year plus correction. Why? Because doubts remain.

[O GLOBO] Distrust is leading the investor to demand a higher interest rate. And that causes a sudden transfer of income. Is this not a matter of concern?

[Gros] It is a very big transfer. But why does it exist? Simonsen talked about that not long ago. The individual earns a great deal during a certain period, but he loses later. With the passage of time, money is lost due to a reduction in monetary correction—confiscation. People want a high rate because they think we are going to take their money away from them farther down the road.

[O GLOBO] The national debt soared between July of last year and last April, jumping from 3.5 trillion cruzeiros to 62.2 trillion cruzeiros. In other words, it increased nearly 18 times, while the price of the dollar rose sevenfold and inflation went up nearly sixfold. Is the government going too far into debt? Especially since August, when it began returning cruzados and exchanging cheap debt for a more expensive kind by selling securities with an interest rate of 24 percent per year?

[Gros] The government financed itself by paying the equivalent of the TR (Reference Interest Rate) plus 6 percent per year for the cruzados. Now it has had to return the cruzados and go back to the market, where it pays higher interest rates. What would the alternative be? To continue financing itself by compulsory loans of that kind? It does not seem to me that people are proposing that. It is simply too expensive. But is there another solution? I do not see any. There must be a recovery of confidence—of public credit—before people will start lending money to the government at civilized rates again. We do not pay those rates because we want to. We pay them because no one will lend us money except at those rates. The proposed alternatives to doing so always involve putting our hands in someone's pocket. And we do not intend to put our hands in people's pockets.

[O GLOBO] Does the Central Bank intend to adopt any measure such as increasing the compulsory loan from banks?

[Gros] No. The monetary policy is moving in the right direction, but it would be a mistake to imagine that monetary policy is going to make a great contribution to an economic policy program without a fiscal counterpart.

[O GLOBO] Does this mean that there will be no change in the conduct of monetary policy?

[Gros] The big change was when we did away with magic tricks.

[O GLOBO] Even if inflation makes a big jump?

[Gros] I do not see any call for that.

[O GLOBO] But there is also no sign that inflation is going to decline, am I right?

[Gros] I am a poor forecaster of inflation. Inflation will decline when people realize that it has no fuel for continuing to rise.

[O GLOBO] Where do you invest your money?

[Gros] Recently I have not been able to invest anything. My cash flow is strongly negative. To give you an idea, I spend about 900,000 cruzeiros per week on travel to Brasilia. That does not include international travel. My tickets are paid for by the bank. But I have to buy the tickets for my wife (Isabel Gros). Otherwise the marriage is over. I am usually behind. My children have savings accounts. I have a stock portfolio that I have not changed for five years.

## Collor's Weakness Obstacle With Creditor Banks

*PY2107145092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jul 92 p 8*

[By unidentified correspondent in London]

[Text] President Fernando Collor's political weakness is causing a certain degree of uncertainty about the Senate's approval of the agreement reached on the country's debt with its commercial creditors.

Tony Davies, external affairs director of Lloyds Bank, which is Brazil's major British creditor, has told FOLHA DE SAO PAULO that "President Collor's current political difficulties, and the country's inability to comply with the goals of the economic reform that was agreed upon with the IMF, are serious obstacles for reaching an agreement." Davies stated that London's financial community is conditioning the opening of new lines of credit, the so-called "fresh money" for Brazil, to the quarterly goals that are contained in the agreement with the IMF.

"The agreement in principle between Brazil and the banks has eliminated one of the major obstacles concerning Brazil's credibility, but the IMF's economic program must be respected," Davies said.

## Debt Negotiator on Agreement

*PY2107183692 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jul 92 Section 1 p 8*

[From the Brasilia Bureau]

[Text] Pedro Malan, foreign debt negotiator, has muted the optimistic tone that the government has been using to evaluate the agreement with private creditors. "We should not go to the extreme of overrating it, as it balances the control of inflation, the recession, and the flagrant social imbalance. The country's basic problems continue," Malan said.

Malan also stressed that the agreement must not be underrated, as it is reducing the degree of uncertainty for foreign investors and increasing the flow of resources into the country.

The team is now putting the finishing touches on the charts that it will show to the Senate. The charts illustrate the most optimistic and pessimistic hypotheses concerning the payment of the debt.

**Fiscal Reform 'May Not Be Approved Until 1993'**

*PY2107165192 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jul 92 section 1 p 8*

[Text] Economy Minister Marcilio Marques Moreira admitted yesterday for the first time that part of the fiscal reform project submitted to Congress may not be approved until 1993. He said he is willing to negotiate with congressmen, but pointed out that the "integrity and substance of the project should be maintained."

Marques Moreira made this comment one day after President Fernando Collor went on national radio and television network to explain the fiscal reform and the need to have it approved this year.

The economic team will put into practice the second stage of the strategy for the approval of a wide-reaching fiscal reform, or otherwise make Congress responsible for the rejection of the project.

Marques Moreira, Government Secretary Jorge Bornhausen, and members of the economic team will meet with various sectors of society to "sell" the idea. Everyone knows that it is practically impossible to have the project approved this year due to the complexity of the issues and the lack of time for debate.

The strategy also includes a pessimistic evaluation of the economy if the reform is not approved. Marques Moreira said yesterday: "If the reform is not approved, we will continue living with distortions, inflation, and high interest rates." The day before he was even more emphatic. He predicted chaos and hyperinflation without the reform.

According to Economic Policy Secretary Roberto Macedo, the most harmful result due to the lack of the fiscal reform will be the return of public deficit. The government was able to keep the public accounts balanced in the last two years, but at the cost of severe cuts in spending.

*** Labor Union Head Foresees End of Confrontation**

*92SM0491B Rio de Janeiro O GLOBO in Portuguese 22 Jun 92 p 19*

[Interview with Luiz Antonio de Medeiros, president of the Sao Paulo Metalworkers Union and Union Power, by Luiz Augusto Michelazzo in Sao Paulo; date not given: "Era of Confrontation Coming to an End"—first four paragraphs are O GLOBO introduction]

[Text] Sao Paulo—The era of confrontation between employers and employees is coming to an end, and strikes may become just memories of the past as they become as rare in Brazil as they are today in Sweden or Germany. That statement is by union leader Luiz Antonio de Medeiros, who foresees far-reaching changes in relations between capital and labor in this country.

The president of the Sao Paulo Metalworkers Union (the largest and richest labor union in Latin America) and the Union Power central union says that with the change in industrial processes that is occurring as a result of Brazilian products' exposure to international competition, businessmen will be forced to make their workers practically joint owners: actually, partners in a project that will make it possible to produce high-quality manufactured goods at a cost competitive with those in Europe and Japan.

He foresees the United Federation of Workers [CUT] walking arm in arm with its adversary Union Power and the workers having to fight less for pay raises because the employers, being interested in their well-being, will have to grant spontaneous increases.

In this interview with O GLOBO, Medeiros, who together with former Minister Antonio Rogerio Magri was one of the architects of "unionism for results" less than five years ago, describes the main outlines of his new proposal: a "unionism of partnership," which in his opinion is already beginning to make headway in our country.

[Michelazzo] Is it not true that defending common positions with the president of the Sao Paulo State Federation of Industries, Mario Amato, represents a dangerous or at least an uncomfortable rapprochement between a union leader and a symbolic representative of the employers?

[Medeiros] I do not see it that way. I have had epic fights with Mario Amato, and I have shut down his factories, but we have points in common and the awareness that we are in the same boat. He travels first class, and I go third class. But if the boat sinks, we will both die—drowned along with everybody else. Brazil needs urgent reforms, and on that issue we need to stand together.

[Michelazzo] So this rapprochement is the result of recession?

[Medeiros] I feel that we would be fighting a little more if we were experiencing full economic growth. But now we are going to pull the country out of its recession and save the fighting for later.

[Michelazzo] Are you saying that you have reached the end of confrontation unionism?

[Medeiros] The tendency is for both confrontation unionism and uncontrolled capitalism to disappear. Uncontrolled unionism emerged to offset a corresponding lack of control in company management.

[Michelazzo] And to what is that change due?

[Medeiros] The crisis and also changing times. Many businessmen have now realized that the only firms that are going to survive will be those that modernize, increase their competitiveness, and offer products of better quality at a lower price. Experience all over the world shows that besides achieving material—technological—modernity, firms must also modernize their relations with their workers if they want to survive. It also shows that with modern management, in which the workers participate, firms gain from the standpoint of better-quality products and lower prices.

[Michelazzo] But is that happening now in Brazil?

[Medeiros] Partly, yes. Less than a month ago, we held a seminar to analyze the reasons why workers in some factories where the union once had high prestige had begun to dissociate themselves from us.

[Michelazzo] Which factories?

[Medeiros] Mario Amato's Holstein Kappert firm, for example. Its employees did not join in the last general strike by their classification—in November of last year. But that factory used to shut down back when relations with the employees were rough. We would go in, hold a meeting, propose a strike, and shut down the factory—do whatever we wanted. Then the company began to change. It started listening to the employees and granting benefits and raises, and it set up an internal committee. And the workers distanced themselves from the union.

[Michelazzo] Do you mean that from the worker's standpoint, the union is useful only against bad companies?

[Medeiros] That is how it has been so far. But we are finding that as companies modernize and improve their relations with the workers, there is a tendency for the employees to pull away from the union.

[Michelazzo] But does that not make it contradictory to struggle for a company's modernization if the result will be a weakening of the union?

[Medeiros] No, because we have new challenges ahead of us. We already know how to engage in union tactics against uncivilized companies. Unionism will now have to be different in order to deal with other types of more democratic companies.

[Michelazzo] What kind of unionism?

[Medeiros] One prepared to demand more sophisticated things, such as productivity, quality of life, participation, automation, and comanagement. And so far we are not ready for many of those things. It no longer does any good to park a sound truck at the factory gate, call a meeting, and wind up bellowing against the employers. If I do that in a modern factory, I run the risk of talking to myself.

[Michelazzo] Do you mean that as a result of the union's new posture, strikes are dead?

[Medeiros] No. Strikes are still a weapon to be used at the proper moment, as they are in Germany and other countries that have learned to negotiate. This means that we are not going to retire our sound trucks or abandon our readiness to go on strike, especially since not all companies are modernizing. We will still have to lay siege to some of them to force them to meet our demands.

[Michelazzo] In your opinion, is this a worldwide trend?

[Medeiros] Unionism is searching for new directions that will enable it to face up to changes in production. Today there is a trend toward doing away with giant industrial complexes and replacing them with smaller complexes offering extremely high productivity and quality and employing skilled manpower. Another very important change was the end of ideological confrontation.

[Michelazzo] Was not the end of ideological confrontation the goal of the so-called unionism for results that was championed by you and former Minister Magri?

[Medeiros] That too. Unionism for results made a great contribution toward taking ideology out of the union struggle and directing its energies toward making gains through agreements and even concessions. But now it is necessary to make a mental leap and start thinking about Brazil, not just about localized demands.

[Michelazzo] In other words, to return to debating political problems?

[Medeiros] Look, it is no longer enough, when talking about social welfare, to say that the government is a thief and that everyone steals. Even though it is true: Social welfare is indeed a den of thieves. But it needs reforms, or it will continue to be unviable, and sooner or later it will go bankrupt.

[Michelazzo] So unionism for results has also died?

[Medeiros] Unionism for results has had such a positive influence that it has brought changes even on the other side: in the CUT. Today they are doing many things for which they used to criticize us.

[Michelazzo] For example?

[Medeiros] The agreement with the government and the automobile industry. I see that as a sign of maturity and also as reflecting a tendency to leave confrontation behind. Just as we cannot stick solely to a policy of confrontation at the factory gate so at the national level we cannot simply adopt a policy of "no": of systematic criticism.

[Michelazzo] Is there a trend today toward closer relations between CUT and Union Power?

[Medeiros] There is trend toward closer relations with CUT's more modern sectors, which have realized that our challenges are the same and that they will be overcome by using the same methods. At the moment, we are preparing, along with CUT, for a meeting with Minister Marcilio at which we will discuss compensatory measures in response to the recession.

## Chile

### RN Claims Against Government's Stance 'Refuted'

*PY2107181792 Santiago Radio Chilena Network in Spanish 1100 GMT 21 Jul 92*

[Excerpt] Acting Interior Minister Enrique Correa has refuted National Renewal Party [RN] leaders' claims that the government does not want to make changes in the regional government amendment draft.

According to Correa, it is surprising that the RN is now demanding that regional governments have greater power, as their representatives in the Senate voted

against the draft bill, which grants significant power and authority to the regional administrations.

[Begin Correa recording] It is surprising that RN representatives are now demanding that the regional governments have greater power. On precisely 16 July its representative before the Senate, Francisco Praats, voted against the draft bill granting significant, extensive, specific, and unprecedented power to the regional governments, especially in the organization of their territory, the development of medium and small production activities, and in social programs. [end recording] [passage omitted]

### Lautaro Movement Claims Resposibility for Attack

*PY2107182692 Santiago Radio Chilena Network in Spanish 1100 GMT 21 Jul 92*

[Text] A bomb made with approximately 100 grams of ammonium nitrate fuel oil blasting agents detonated at dawn today, at the entrance to a Mormon church located on the corner of Recreo and Gabriela Mistral Streets in Valdivia.

The bomb was activated by a mechanical device with a slow fuse. There is still no information on the damage caused. Although no casualties have been reported, the explosion gave the neighbors of this densely populated area a great fright.

Pamphlets from the Subversive Coordinating Board for a Free Fatherland [Coordinadora Subversiva por Una Patria Libre] were found at the site of the explosion, but later on, through a telephone call to a press agency, the Lautaro Youth Movement claimed responsibility for the attack, noting that it was in memory of those who died and were arrested during the past few days by the police.

## Colombia

### Security Meeting Held; Escobar Transferred

*PA2207024792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0200 GMT 22 Jul 92*

[Report by William Parra from the Narino Palace]

[Text] The Narino Palace has just confirmed that Pablo Escobar Gaviria was transferred from La Catedral Jail in Envigado, Antioquia Department, to an undisclosed military installation. The decision was made during a National Security Council meeting. Escobar Gaviria will return to Envigado when the facility is remodeled and is again a maximum security prison, which is in his best interest. According to an official report, the president attended the National Security Council meeting. He just confirmed that he will fly to Madrid to attend the Second Ibero-American Summit. The president will leave on 22 July at 0800 or later. Also attending the extraordinary meeting were Government Minister Humberto de la Calle Lombana, Justice Minister Andres Gonzalez, Defense Minister Rafael Pardo Rueda, Attorney General Carlos Gustavo Arrieta, Prosecutor General Gustavo de Greiff, Fernando Brito Ruiz, Administrative Department of Security director, and National Police Commander General Miguel Antonio Gomez.

Recapping the official information provided by Narino Palace: Pablo Escobar Gaviria is now being transferred from La Catedral Jail in Envigado to a maximum security military installation. We still do not know exactly where Pablo Escobar Gaviria will be staying. Once La Catedral Jail is remodeled, Escobar Gaviria will return. It is not true, therefore, that he was taken to the Itagui Jail.

### Escobar Nephew Reports on Situation

*PA2207144592 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1356 GMT 22 Jul 92*

[Text] A nephew of Pablo Escobar Gaviria and son of Pablo's brother Roberto, who has been serving time at the Catedral prison in Envigado since 19 June 1991, has just phoned this station and confirmed the following:

1. Pablo Escobar and his brother Roberto were unharmed during the armed confrontation yesterday afternoon, 21 July.

2. Pablo Escobar requests the presence of Eudist Father Rafael Garcia Herreros, with whom we were talking just a few seconds ago.

3. Pablo Escobar and some of his men are—mark my words—in a tunnel at the Catedral prison in Envigado. They are heavily armed and have ammunition and food to last several days. This is the current situation at the Catedral prison in Envigado. This is Pablo Escobar's nephew.

[Begin Escobar nephew recording] Father Garcia Herreros. I am Roberto Escobar's son. I want you to know that the Catedral prison has been stormed, where you handed over my father, Juan Pablo's father, and all the rest of our friends. Several people have been wounded. We do not know if anyone was killed. We want you to intercede for us with the Colombian Government. We want you to help us, please. They are asking you to come to the prison. My father and Pablo are all right. They are hiding in a tunnel with food and all that is necessary to survive. But it is necessary that you come to Medellin as soon as possible. We rely on you, Father. Thank you. [end recording]

### Incident Delays Gaviria Departure

*PA2207143392 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1411 GMT 22 Jul 92*

[Text] Caracol has just learned from sources close to the Narino Palace that everything is ready for the president to depart for Madrid, but that President Cesar Gaviria Trujillo will not leave the country, under any circumstances, to carry out his historic mission in the Spanish capital until the difficult and confusing situation at the Envigado high security prison is resolved. The deputy minister of justice and the director general of prisons may still be inside the prison.

### Gaviria Not To Speak on Incident

*PA2207150092 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1425 GMT 22 Jul 92*

[Text] Emisoras Caracol has just talked with Narino Palace. We received the following official announcement:

President Cesar Gaviria will not speak over radio and television. The government will release the first communique on the current events in a few minutes. New governmental communiques probably will be released during the course of the day.

### Peasant Protests Paralyze Several Towns in Uraba

*PA2207045792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 21 Jul 92*

[Report by Maribel Osorio]

[Text] Peasants have paralyzed activities in five towns in Uraba, Antioquia. What began as a simple demonstration marking Peasant's Day turned into one of the largest civic strikes in the region. The peasants are protesting violence and what they call a state of abandonment by the government.

Over a month ago, they advised the government they would carry out this peasant mobilization if their written requests were not attended. The threat was implemented on 20 July. The mobilization spread into five municipalities in the Uraba region in Antioquia, virtually paralyzing all activities in the banana production regions. On the morning of 21 July, merchants and transport workers decided to stop work to support the action, making the peaceful occupation of government offices part of the civic strike.

[Begin recording] [Government Secretary Jose Miguel Cantillo] They have come here in search of solutions from the government for the demands they presented a few months ago.

[Peasant Cristobal Vasquez] We need the legalization of our land and as soon as we have our plots, we will need loans. We also need a school.

[Peasant Jose Dolores Toro] The school subsidies were approved and should be paid, but at this late date we have not even been able to finish the school.

[Peasant Antonio Llanos] We need the government to support us and help us get the loans with interest rates we can really pay. [end recording]

Peasant occupations for these same reasons are becoming commonplace in Uraba. This time, however, groups of almost 800 people rallied in each municipality, under the coordination of a civic organization known as the Regional Agrarian Coordinating Board [Coordinadora Regional Agraria], which is again trying to correct the record on behalf of the peasants regarding the use of guerrilla pressure tactics as part of their struggle.

### House of Representatives Officials Elected

*PA2107141892 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 21 Jul 92*

[Text] Cesar Perez Garcia, Liberal Party representative for Antioquia, was elected the new president of the House of Representatives on 20 July 1992. Melquiades Carrizosa of the Conservative Party was designated first vice president and Liberal Party member Rafael Borre Hernandez was elected second vice president.

The Liberal Party seeks to define its candidate for the Senate presidency. Tito Rueda Guarin, of Santander, and Jose Blackburn, of Valle del Cauca, are competing for this position.

## Peru

### Fujimori Calls Cabinet, May Forego Summit

*PA2107191992 Lima Radio Programas del Peru Network in Spanish 1837 GMT 21 Jul 92*

[Text] The possibility of applying new measures within the antisubversion strategy is being discussed by the Council of Ministers in an unscheduled meeting presided over by President Alberto Fujimori. The meeting, which began at noon, is still under way at the government palace.

Except for Oscar de la Puente, president of the Council of Ministers, and Industry Minister Jorge Camet, who are abroad, every Cabinet member is participating in this special meeting.

Nothing has been said or confirmed so far regarding the exact time of President Fujimori's departure for Spain. However, it was learned that the president might decide not to go to the Second Ibero-American Summit because of the difficult social situation the country is experiencing. It was also learned that if President Fujimori does go to Spain, he is expected to meet with his Ecuadoran counterpart, Rodrigo Borja, who is already in Madrid.

It should be noted that the presidential summit will be opened on 23 July with 20 Ibero-American heads of state and government in attendance. They will discuss and approve seven programs for cooperation in education to be granted by Spain to participating countries.

[Lima Radio Programas del Peru Network in Spanish at 1853 GMT on 21 July reports that Industry Ministry Jorge Camet and Justice Minister Fernando Vega have departed for Rome on an Alitalia flight without President Fujimori. It adds: "Along with Foreign Minister Oscar de la Puente, they will probably represent Peru at the summit if President Fujimori decides, in the next few minutes or hours, not to attend the Ibero-American Summit in Madrid, Spain."]

### Fujimori Cancels Trip

*PA2107225592 Lima Radio Programas del Peru Network in Spanish 2227 GMT 21 Jul 92*

[Communique issued by Press Secretariat of the Presidency in Lima on 21 July]

[Text] The people and news media are hereby informed that President Alberto Fujimori's trip to Spain to attend the Second Ibero-American Summit was canceled. The president, as supreme chief of the Armed Forces, will therefore remain in command of the antiterrorist struggle. As is public knowledge, President Fujimori met with the Council of Ministers at noon on 21 July in an extraordinary session to assess, within the framework of the country's pacification strategy, a package of measures to be announced at an opportune time.

[Issued] Lima, 21 July

### 'Subversives' Plan 22 Jul 'Armed Strike'

*PA2107165592 Lima Radio Programas del Peru Network in Spanish 1605 GMT 21 Jul 92*

[Text] The subversives perpetrated more violent acts in Lima this morning.

So far this morning, one bomb detonated in front of the Aeronautical Center, located on Block 10 of Javier Prado Avenue; another on Block 2 of Pachacutec Avenue in San Juan de Miraflores, and still another at the Conchan checkpost. In addition, the Technical Police station in Huairona, Canto Grande, was attacked. One bomb exploded at the Chacarilla bridge, another at La Victoria wholesale market, where one policeman died and another was wounded, and two others detonated at each of two secondary schools.

The subversives will attempt to intimidate us with an armed strike tomorrow. We expect the people to react with common sense.

### Bolivian Embassy Attacked

*PA2207040092 Paris AFP in Spanish 0331 GMT 22 Jul 92*

[Text] Lima, 21 Jul (AFP)—A Shining Path commando group attacked the Bolivian Embassy in Lima with explosives on the night of 21 July, while other public and private buildings were also dynamited in various parts of Lima, police reported.

So far the police have not reported on casualties caused by various attacks staged on the eve of "an armed strike" called by Shining Path. In the last 12 years Shining Path has caused 26,400 deaths.

[Mexico City NOTIMEX in Spanish at 0356 GMT on 22 July adds that the Shining Path attack against the Bolivian Embassy took place at 0300 GMT on 22 July, leaving "at least six persons wounded and causing considerable damage."]

### Car Bomb Detonated

*PA2207050392 Lima Radio Programas del Peru Network in Spanish 0421 GMT 22 Jul 92*

[Report by Ismael Byron Horna]

[Text] [Announcer] We want to report that a car bomb was detonated by subversives at the toll booths in El Pino located at Circunvalacion Avenue. The treacherous attack blew up and totally destroyed the toll booths. Only three booths are still standing. All that remains of the car the subversives used to carry out their attack are scraps of iron.

We are now going to find out if anyone was injured or killed in this treacherous attack.

[Horna] Has anyone been killed, gentleman?

[Unidentified individual] Ask one of the guards.

[Horna] We are going to ask one of the guards here. How many people were injured?

[Unidentified individual] [Words indistinct]

[Horna] We are moving forward. We have crossed the toll booth checkpoint. Everything around us has been destroyed by the explosive impact of this car bomb. We continue to walk through the rubble. We are going to ask one of the guards. We have found one of the toll booth attendants. Sir, tell us about this treacherous attack on the toll booths in El Pino.

[Unidentified toll booth attendant] The attack took place at around 2215.

[Horna] It was a car?

[Toll booth attendant] First a car drove by. The driver paid his toll. The car parked nearby as if the driver were waiting for someone. Another car with two passengers then drove by. The driver paid me as usual, but he parked the car and all the passengers started running. We immediately started running because we knew it was a car bomb.

[Horna] Fortunately no one was killed?

[Toll booth attendant] Fortunately no one was killed. One man was injured. His arm was cut off.

[Horna] He was mutilated?

[Toll booth attendant] He only lost an arm.

[Horna] He was a man who was driving through the toll booth?

[Toll booth attendant] Yes, it was a privately owned vehicle going through the toll booth.

[Horna] According to this report, the toll booth attendants all survived, and one person driving through the booth was mutilated.

We repeat: A car bomb was detonated by subversives at the toll booths in El Pino on Circunvalacion Avenue. As

a result, one man who was driving by was mutilated. The toll booth attendants and their supervisors are all unharmed.

### Fujimori on PRC, Nicaraguan Aircraft Purchase

*PA2107183992 Lima Panamericana Television Network in Spanish 1200 GMT 21 Jul 92*

[Text] During events commemorating Peruvian Armed Forces Day that took place at the Las Palmas del Zurco Air Base, President Alberto Fujimori expressed some thoughts on the increasing violence that Peru currently is experiencing. He stated that pacification and development will only be possible if the unity of all Peruvians is achieved. He emphasized that a united Peru will defeat terrorism.

[Begin Fujimori recording] Gentlemen, members of the FAP [Peruvian Air Force]. The insane Miraflores attack against innocent lives, commits the Armed Forces even more to an all out war against terrorism. International repudiation of this act has not been long in coming.

Even though news coverage is sometimes distorted when, for example, common murderers and terrorists are described as insurgents or guerrillas, the entire world now knows the inhuman and insane nature of the terrorist groups operating in Peru.

I have already said this at different work forums, and I will continue to say it at every opportunity: murderers who operate in association with international drug trafficking. Let us not confuse the mask with their real criminal face. That is their real nature, and that is the common enemy of all Peruvians, and together we must defeat them.

In many parts of Peru, air travel is the only method of communication. By air we receive radio and television waves. In addition, these distant regions of Peru also receive by air the food and tools required for their everyday work. The national demand for more and well operated landing strips continues to increase. Precisely, one of the main tasks of the Air Force is to meet this challenge.

The landing strip reconstruction modules that will be assigned to this institution should in part solve the problem of landing strip maintenance and improvement needs in distant regions. It is necessary to use these landing strips intensively, in accordance with our resource limitations.

As mentioned by the Air Force commander, this same strategy also includes the purchase of more helicopters to be used in fighting terrorism and drug trafficking. The purchase of these helicopters has already been carried out in Nicaragua. The type of helicopters purchased have already proven to be excellent combat aircraft, especially in areas with dense forest such as upper Huallaga and the central jungle region.

Likewise, the capacity of our Air Force to reach remote regions of the country has been improved with the refurbishment of the air fleet by incorporating Chinese made aircraft. [end recording]

### MRTA Leader on 'Lebanization,' Terrorism

*PY2107020092 Lima LA REPUBLICA in Spanish 8 Jul 92 pp 13-15*

[Part one of "exclusive" interview with Victor Polay Campos, "top leader" of the Tupac Amaru Revolutionary Movement, MRTA, by Victor Caycho and Francisco Reyes, in a Lima prison—date not given]

[Text] [LA REPUBLICA] Is it true that you were caught without struggle?

[Polay] We revolutionaries are aware that we can die or be arrested at any time, and that any mistake, negligence, or fatal coincidence can lead us to prison or kill us. We were arrested because of a coincidence. The Technical Police [PT] were operating in the zone near the San Borja PT precinct. We admit that we made mistakes. This was mainly a tactical, security, protection problem.

[LA REPUBLICA] Didn't anybody protect you at that time?

[Polay] The person assigned to protect me was not present at that time. I had just arrived at the location and was arrested two or three minutes later.

[LA REPUBLICA] Were you waiting for a "contact?"

[Polay] Yes, I was waiting for someone. Had I contacted this person inmediately, I would not have been arrested. But this person arrived late. I ordered a coffee in order not to call the attention to myself, but those two or three minutes were fatal.

[LA REPUBLICA] Don't you think that your arrest was caused by a MRTA member or a dissident?

[Polay] No, no, no. I completely rule it out, because this was a first meeting and nobody knew that I was going to attend it.

[LA REPUBLICA] Do you think the MRTA will give up arms after your arrest?

[Polay] The country is going bankrupt. It is not an exaggeration to reassert that the policy being implemented will lead Peru into a "Lebanization" process within three or four years. The Shining Path and the MRTA will probably control zones; the independent or autonomous peasant defense patrols will do the same. We can see that the peasant defense patrols from the Apurimac River Valley in Ayacucho are practically independent and are engaged in coca plantations. The Army will control other areas under these conditions. Should we wait for Peru to be Lebanized? Should we wait for a civilian war in Peru?

[LA REPUBLICA] You justify the continuation of the MRTA actions with a terrible viewpoint of the country.

[Polay] We cannot expect Peru's "Lebanization" to reach an agreement and to become aware that the civil

war will be prevented only with a great national accord that can change the basis of this society.

[LA REPUBLICA] What should be the basis for a national accord?

[Polay] Despite the serious moral and economic crisis in the country, there are major healthy and democratic forces within the traditional and leftist political parties, the popular organizations, the Armed Forces, and the police. We believe that the Episcopal conference should play a major role. Outstanding personalities like Javier Perez de Cuellar can act as a mediator to begin negotiations in various fields to reach certain agreements.

[LA REPUBLICA] In the Salvadoran or Colombian style?

[Polay] The event in El Salvador could be taken into account. The Salvadoran pacification process has lasted several years. The Farabundo Marti Liberation Front guerrillas proposed the need to hold a dialogue from the very beginning of the war: from 1980 to 1983. However, 10 years were necessary for the military forces and rightist parties, especially the ARENA [Nationalist Republican Alliance], to understand that the military solution was not the appropriate one. The Salvadoran experience should be very illuminating for us. Should we wait for 10 years and one-half million casualties to understand that urgent changes should be made in our society?

[LA REPUBLICA] So then dialogue is most urgent, isn't it?

[Polay] Dialogue is an essential component for Peruvian society. For this dialogue, however, the necessary underlying conditions and suitable interlocutors are a must. As things stand now, we cannot be quite positive about anything. There we have, for example, Mr. Fujimori's administration, which left everybody flabbergasted when it decided to stage a coup against itself. We live in an unpredictable country.

Now then, we advocate reforming the state because the establishment does not represent the immense majority of the people. Democracy cannot be limited to electing a president and some members of Congress every five years. Democracy must entail the people's direct participation in government affairs by means of the right to oversee its rulers.

[LA REPUBLICA] Those were precisely the same arguments Fujimori marshalled in order to justify the establishment of "the National Emergency and Reconstruction Government."

[Polay] The problem lies in the proposal's source. One may present the appropriate arguments very well or utter meaningless words. We propose a national dialogue. Truly, can we call this event taking place at the Civic Center national dialogue? The Armed Forces, for instance, should participate in the dialogue. The contention that they do not deliberate is only acceptable as a stale cliche to be sold abroad. Over these 180 years as an independent country, most of our rulers have been military officers. Besides, the Armed Forces always have taken an active part in politics. Now they are doing so with President Fujimori's help by putting off municipal elections. The Armed Forces have a say. Moreover, they also study the country's current situation. They can be credited with some positive aspects. It is of utmost importance that they take part in the national dialogue. They would thus commit themselves to honoring the agreements the people might reach.

[LA REPUBLICA] Were you expecting a self-inflicted coup? Did you expect a military coup?

[Polay] President Fujimori's economic program, based on a neoliberal philosophy, has not taken into account the interests of the immense majority of the people. The economic program is basically designed to pay our foreign debt. It was to be expected that such a program would end up in the gradual loss of the people's democratic rights.

[LA REPUBLICA] What do you put the self-inflicted coup down to?

[Polay] There are several reasons that may account for it. First, the accusation President Fujimori's wife leveled against the president's relatives. Second, the administration still has not realized that the winds of change sweeping through humanity seek greater democratic freedom.

[LA REPUBLICA] Now then, MRTA will not engage in a dialogue with Fujimori's administration, will it?

[Polay] When Mr. Fujimori won the elections, we were released. Speaking on television, we proposed a dialogue. We stated that we were prepared to start negotiations with President Fujimori.

[LA REPUBLICA] What were the conditions you proposed to start negotiations?

[Polay] The MRTA was ready to begin negotiations without demanding any prior conditions. Notwithstanding this, as soon as Mr. Fujimori came into power he stated that there would be no dialogue with subversive groups unless they surrendered their arms. In view of that situation, there could be no dialogue whatsoever. Nowhere in the world, no matter what dialogue it is, are you required to lay down your arms first. First one should talk, discuss matters with the other party; otherwise there can be no dialogue.

[LA REPUBLICA] So that scuttled all possibilities of an agreement with the administration?

[Polay] In spite of that, we launched armed propaganda using a Cambio 90 deputy from Villa El Salvador (Gerardo Lopez). At that moment, we made MRTA's proposal known. We stated: "Well then, Mr. Fujimori does not wish to negotiate with the MRTA, but the MRTA is willing to negotiate with Cambio 90 and with all the political parties interested in bringing about a change in our country." We submitted several economic, political, and social proposals, which we deemed essential at that

time and that Mr. Fujimori had, in some way or another, supported during his electoral campaign.

**Weakness and Dialogue**

[LA REPUBLICA] Now the MRTA mentions dialogue a lot.

[Polay] The fact that MRTA propounds dialogue is not novel. When Alan Garcia was elected president we stated: "He has been elected by a large majority. The people's expectations are high. Therefore, we must call off our actions for a year. We want Mr. Alan Garcia to keep the promises he has made to the people." Then the great massacre at the penitentiary took place. That discredited him.

[LA REPUBLICA] MRTA's recent setbacks, though, have forced you to seek an agreement.

[Polay] MRTA's proposal to start dialogue is in harmony with its political and military approach. It has not been prompted by our arrest. Nor is it spurred on by MRTA's weakness or because it has suffered severe blows or has been destroyed. We must accept, however, that my arrest is a serious setback.

[LA REPUBLICA] Besides, there is no denying the fact that the MRTA has lost strength.

[Polay] The MRTA has opened new fronts in our guerrilla warfare since we left the penitentiary. We are not only in the northeastern and central areas of the country, but also in the northern region, in the departments of Cajamarca and Amazonas. In southern Peru, we maintain a presence in Puno and Cusco.

[LA REPUBLICA] But your organization has maintained a passive attitude.

[Polay] In the central region, we dealt a deadly military blow to the Army. We wiped out a whole reinforced Army company, more than 100 troops, including the officers.

[LA REPUBLICA] You advocate pacification, but how is the MRTA going to participate if its top leader is in prison?

[Polay] The next MRTA convention will disclose its doctrine and proposals for the country, which are MRTA's and not Victor Polay's nor any other leader's. Such proposals are going to be accompanied by a political-military presence in key areas of the country and will draw moral strength from hundreds of dead comrades. The MRTA is the result of sheer sacrifice and effort. The fact that we are in prison is merely accidental.

[LA REPUBLICA] Given the situation, will the MRTA convention be held anyway?

[Polay] By all means. Discussions are taking place at all MRTA units.

[LA REPUBLICA] When will the convention be held?

[Polay] That will be announced at the appropriate time.

[LA REPUBLICA] Is it going to be this year?

[Polay] The governing body will decide on the date.

[LA REPUBLICA] But then again, almost all the central committee members are in prison.

[Polay] That is not in the least true. Those of us who are in prison can be counted on the fingers of one hand. They are not more than five. The central committee is not made up of three or four people. In any case, the convention will be held.

**Interview Continues**

*PY2107021292 Lima LA REPUBLICA in Spanish 9 Jul 92 pp 11-13*

[Second and last part of "exclusive" interview with Victor Polay Campos, "top leader" of the Tupac Amaru Revolutionary Movement, MRTA, by Victor Caycho and Francisco Reyes, in a Lima prison—date not given]

[Text] [LA REPUBLICA] What is the relationship between the MRTA [Tupac Amaru Revolutionary Movement] and drug trafficking, especially in the Huallaga zone?

[Polay] It is an absurd and false accusation. The truth is that not even the U.S. State Department has accused the MRTA of being involved in drug trafficking. Furthermore, the areas we cover are basically areas where corn and rice are grown; they are not coca-growing zones. The zones under MRTA control are from Juanjui to the north. Our position has always been very clear: We thoroughly condemn drug trafficking. We do not participate in any way whatsoever in relations or benefits of any kind with drug trafficking. That does not mean that there are no social problems there. There is an important peasant population that lives off coca.

[LA REPUBLICA] Is the coca grower the MRTA's social base?

[Polay] It is not. The MRTA's social base is basically the peasants who grow rice and corn. The MRTA is willing to discuss the struggle against drug trafficking. An agreement should be reached with all the forces interested in fighting drug trafficking. First of all, national sovereignty and the peasant organizations' autonomy should be respected. Peasants many times are driven to coca growing because they have no credit, production components, fertilizers, or roads. It is understandable when rice and corn growers turn to coca, forced by their needs.

[LA REPUBLICA] How do MRTA militants live in the Huallaga?

[Polay] They live with the help of the people. They live in the community farms built in the zones under MRTA control. In the areas where there is a base of the people's power, the population assigns a cultivated zone to support the guerrilla. There is an odd thing. The neoliberals say: "The state intervenes in everything. It is elephantine." But there are so many zones in the country where the state does not exist. When the MRTA gets there it has to carry out the state tasks of a judge, policeman, and on

matters related to health and education. Not even security, which should be the first task, is carried out by the state. The MRTA guarantees security.

[LA REPUBLICA] When we visited Huallaga we verified that the airfields of the clandestine flights where the Colombian airplanes land are adjacent to MRTA camps. The peasants themselves told us that the MRTA gives protection to the drug-trafficking operations.

[Polay] That is absolutely false.

[LA REPUBLICA] But we saw it.

[Polay] I can say with absolute certainty that the MRTA does not give protection to any clandestine airport or Colombian airplanes. I can say this with absolute certainty. What is indeed true is that there are several airports in the northeast zone guarded by the Armed Forces. They have all the material and technical means to carry out an effective struggle against drug trafficking. The MRTA does not touch a single dollar of drug trafficking. Furthermore, if there is a zone where the MRTA has some relationship with the population linked to drug trafficking, the money left by the drug flights is for the benefit of that town's people. The MRTA does not touch a single dollar from that traffic. That would be untenable from the moral and political viewpoint. What the country demands is a new moral authority and this is what we seek.

[LA REPUBLICA] What about the kidnappings, extortions, "bonds," and assaults being carried out by the MRTA?

[Polay] The MRTA sells the revolutionary bonds to companies to pay its expenses. Businessmen buy these bonds because they look at the MRTA as a choice. These bonds will be paid after the victory of the revolution. We will honor them. No businessman can say that we attacked him because he did not pay. The MRTA has sold the bonds to many businessmen. No businessmen can say that he suffered reprisals because he did not pay. I am absolutely sure of that.

There is a television tycoon who says that our organization has $100 million or $130 million every time he talks about the MRTA. Victor Polay only has the clothes he is wearing. Perhaps the only thing of value I have is this old watch that was given to me by a member of the National Police. My watch and all my personal belongings were taken away when I was captured. This present lifted my spirit because there are sectors in the police who respect the struggle we are carrying out.

It is said that when I was captured I asked for my release in exchange for $3 million. It is also said that in the Juanjui zone Victor Polay escaped with $80,000. If the MRTA has $100 million, Victor Polay would not escape to Colombia with $80,000. This is absurd. I have no assets either in the country or abroad under the name of Victor Polay or the name of any relative.

[LA REPUBLICA] Were you present when Juanjui was taken?

[Polay] We have been involved in many MRTA actions. Since we were rescued from the Canto Grande prison, we were always in the country carrying out our obligations. As MRTA general commander I am completely responsible for the MRTA, both in its victories and defeats, its mistakes and achievements. I am not denying anything before the court. If the MRTA is tried in the name of Victor Polay and if I am sentenced to life imprisonment, I accept it.

I am going to have the satisfaction and the honor of being the first social fighter in Peruvian republican history to be sentenced to life imprisonment. No matter what they say, this is a social struggle; it is a political struggle with arms but it is a political struggle. It is not a struggle for partisan interests or for things that have nothing to do with revolutionary change in the country.

[LA REPUBLICA] Did Alan Garcia help or cooperate in any way with the escape from the Canto Grande prison?

[Polay] Absolutely not. The tunnel was started three years before the escape on 9 July.

[LA REPUBLICA] But it was under the Alan Garcia administration.

[Polay] The tunnel was started one year before I was captured. This can easily be proved by the reports made by experts of the Dircote [Counterterrorism Division] and the Republican Guard. I could not predict I was going to be captured.

[LA REPUBLICA] It is very strange, however, that no one noticed the excavation in three years. Was its construction so easy?

[Polay] No, no. It was not so easy. It was three years of work involving a great ability for planning, initiative, imagination, and effort. There are people who only think of the work of building the tunnel but never thought of the strain of a special group of 25 men who lived in the tunnel day and night.

[LA REPUBLICA] If you are sentenced to life imprisonment, will you ask for amnesty or a pardon?

[Polay] No, no. I am certain that nothing is for life in Peru, especially now. What I am sure of is that sooner or later the people, the revolution, and the country's patriotic and democratic groups will change Peru. And I will be, the MRTA will be heading that movement or participating modestly, but we will be there.

[LA REPUBLICA] What do you think of Alan Garcia?

[Polay] Alan Garcia was a president who created, more than anyone else, a great hope, a great consensus of almost 75 to 80 percent of the population. There was great hope. Unfortunately, his government ended buried under corruption and incompetence that was greatly responsible for creating a great disappointment in traditional political parties.

[LA REPUBLICA] Do you still feel like an APRA [American Popular Revolutionary Alliance] member?

[Polay] No. I am a MRTA member. I cannot ignore that hundreds and thousands of APRA members gave the best of their lives for the cause of freedom in the struggle to change this country. The MRTA not only praises De la Puente Uceda y Lobaton, the 1965 guerrillas. We also praise the uprising of 1948. We praise "Buffalo" Barreto of the 1930's. We believe everything is a single struggle. They were APRA members; we are MRTA members. But it is the same. There are the same ideals of justice, the same desire for change, for democracy.

[LA REPUBLICA] What do you think of the Shining Path?

[Polay] We believe that its project is not feasible. It is a project that cannot be achieved in the country. It is a factor that does not contribute to the people's just violence having a constructive future. The Shining Path discredits the armed struggle and the revolution. It provokes the creation of feelings against a revolutionary change. Many people visualize the Shining Path not as the way a revolution can be but as a totally negative revolution without a proposal, a revolution that would lead to the dictatorship of a party. The Shining Path does not have a proposal for the overall social and political forces in the country. One is either for or against the Shining Path. This means being ignorant of history, being ignorant of the country's real situation, being ignorant of the fact that to enter the 21st century the country needs the efforts of the great majority of the population.

[LA REPUBLICA] Would you sit at the same table to talk with the Shining Path?

[Polay] Regarding the Shining Path, we have gone through a gradual process of greater aggressiveness on their part. They have resorted to killings, to the murdering of union leaders, to the ambushing of our detachments. Defeating the Shining Path cannot be a military problem only. It must be a problem of the Peruvian people. The Shining Path only will be defeated through a process of change in Peruvian society. Neither us nor the people are going to fight the Shining Path in the name of the state.

[LA REPUBLICA] Why has the Shining Path grown more than the MRTA?

[Polay] That is relative. The "subversologists" study the level of violence by counting the dead victims or the actions they carry out. For instance, they say that the Shining Path is responsible for 90 percent of the armed actions in the country and the MRTA for only 10 percent. But what armed actions are they talking about? Elimination of low-level authorities, elimination of what they call "black heads," that is peasant defense patrol members, or elimination of national, popular, or union leaders? The MRTA can also do that. It is nothing difficult. It is the simplest thing. If we wanted, we could do the same, and perhaps we could do more than the Shining Path.

From the exclusively military viewpoint, not mentioning the political proposal anymore, the Shining Path has not been able to carry out what the MRTA has done, such as the seizure of three provincial capitals and their respective police stations. We have managed to annihilate a reinforced Army company in Villarica, central Peru. The same thing happened in San Jose de Sisa, in San Martin. What happens is that the Shining Path's actions are more of a militia type, more of a terrorist nature. Placing a car bomb with 500 kg of explosives is nothing difficult. A car bomb is something simple, the same as an elimination action.

[LA REPUBLICA] Isn't the territorial jurisdiction of the Shining Path broader than that of the MRTA?

[Polay] Well, what I can say is that the MRTA has the control of broad zones in the northeast, in the departments of San Martin and Loreto; and also in the north, in the departments of Cajamarca and Amazonas; in the central front in the departments of Huancavelica, Junin, and Cerro de Pasco; and in the south, in the departments of Puno and Arequipa.

[LA REPUBLICA] Does that mean you have more people than the Shining Path?

[Polay] It is difficult to say the strength of the force. What can be said is who has the people's support and recognition. That is more important.

[LA REPUBLICA] Do you think you have the people's support?

[Polay] Since I have been here I have received tremendous expressions of support and affection from members of the police forces, of the INPE [National Institute of Prisons], from the prisoners themselves, from relatives, and from lawyers. I have realized that it is something natural that spontaneously stems from the people.

[LA REPUBLICA] What do you think about the Hollywood decision to make a movie on the MRTA escape?

[Polay] I think it will be a great satisfaction for the Peruvian people because it would imply the recognition of the Peruvian people's dedication. The tunnel expresses the spirit of the Peruvian people, their perseverance, work, and tenacity, which are the values we have lost in the last few years and which we must recover.

[LA REPUBLICA] But what we will see is a Polay turned into a Rambo.

[Polay] That is not the idea, I think. By no means. The Peruvian people who built the tunnel are the main protagonists. Victor Polay did not build the tunnel.

[LA REPUBLICA] How will the MRTA contribute to pacifying the country? What will it do to prevent further bloodshed?

[Polay] Peace is the result of justice. We cannot deceive ourselves or deceive anyone by saying: "The MRTA will lay down its weapons," and that with it peace will be achieved in the country. The social conditions that are

the main elements of existence for the overwhelming majority of the Peruvian people must change. The main problem is not whether the MRTA will be legalized or not, whether it will have candidates for the Presidency, deputies, or senators. This is absolutely secondary and marginal. The important thing is how we create the material, economic, political, social, and democratic bases to change the country.

[LA REPUBLICA] But, after all, the MRTA seeks dialogue in accordance with its conditions.

[Polay] We have never posed conditions. When Engineer Fujimori took office we proposed dialogue without conditions. The MRTA is willing to talk.

### Vice Interior Minister's Resignation Accepted

*PY2107210692 Lima EL PERUANO in Spanish 11 Jul 92 Legal Supplement p 108064*

[Summary] By Resolution No. 362-92 issued on 9 July, the government accepted the resignation tendered by Interior Vice Minister David Mejia Galindo. The resolution was signed by President Alberto Fujimori, Foreign Minister Oscar de la Puente Raygada, and Interior Minister Juan Briones Davila.

## Uruguay

### President Lacalle Departs for Madrid Summit

*PY2207024692 Montevideo Radio Carve in Spanish 0000 GMT 22 Jul 92*

[Excerpt] President Luis Alberto Lacalle transferred his presidential powers to Vice President Gonzalo Aguirre Ramirez this afternoon at Carrasco International Airport. President Lacalle is now on his way to Rio de Janeiro, together with his retinue, to take another plane that will take him to Madrid to participate in the summit of Ibero-American presidents. [passage omitted]

### Communist Party Appoints New Secretary General

*PY2107211292 Montevideo BUSQUEDA in Spanish 16 Jul 92 p 7*

[Text] For the first time in its history, the Communist Party of Uruguay (PCU) has a woman as its top leader. She is Marina Arismendi, the daughter of the deceased historic leader of Uruguayan communists, Rodney Arismendi. She was named PCU secretary general on 12 July.

After the crisis that affected the PCU, during which the "historic" sector took over all the leadership positions, the PCU decided to abolish the General Secretariat as a one-person position, which was characteristic of communist parties.

The PCU on 12 July appointed Pedro Balbi, Daniel Banina, Carlos Tutzo, and Marina Arismendi to become collective members of the General Secretariat but Marina Arismendi was made "responsible" for that position.

The PCU Executive Committee is also made up of Alicia Pintos, Hermes Milan, Eduardo Viera, Hugo de los Santos, Francisco Maiorana, Felix Gonzalez, Ana Maria Olivera, Washington Pucheta, Victorio Casartelli, Daniel Berruti, Alberto Caraballo, and Alberto Altesor.

## Venezuela

### Experts Agree Venezuela Must Remain in OPEC

*PA2207043292 Caracas Venezolana de Television Network in Spanish 0000 GMT 21 Jul 92*

[Text] Humberto Calderon Berti, former minister of energy and mines, and Alan Viergutz, president of the Venezuelan Oil Chamber, agree that Venezuela must remain a member of OPEC. The experts state that Venezuela's participation in the organization has been and will continue to be beneficial to the national interest.

Humberto Calderon Berti states the majority of OPEC nations are attracting foreign investment and none of them are considering leaving the organization. Hence, he sees no reason for Venezuela to do so, especially now, when such an idea would be disadvantageous and untimely.

[Begin Calderon Berti recording] I believe that our presence is still necessary, especially now, when there is potential for an increase in production. This means that if the OPEC did not exist, its members might be producing at full capacity, creating excessive supplies on the market and a large drop in prices. The price could very well be under $10 per barrel, which would be disadvantageous to our interests. [end recording]

Meanwhile, Alan Viergutz, president of the Venezuelan Oil Chamber, also agrees that Venezuela should remain in OPEC, but ease its position regarding production quotas.

[Begin Viergutz recording] The Venezuelan Oil Chamber, after painstaking discussions about our presence in OPEC—an issue that has been under discussion for many years—has agreed that we must remain a member of OPEC. Venezuela's leaving the organization would have a negative effect on the international market as Venezuela is the founding nation. This would in turn affect us as a producing nation. [end recording]

In order to update the petroleum law and set it in step with the country's new economic reality, the board of directors of the Venezuelan Oil Chamber will begin a kind of lobbying effort at the National Congress in July to promote the modification of Article 5 of the bill.

### * Plan To Privatize CVG Presented

*92SM0488B Caracas EL DIARIO DE CARACAS in Spanish 13 Jun 92 p 20*

[Article by Alfredo Carquez Saavedra: "July Is Deadline for Agreement With BM To Privatize CVG"]

[Text] The reorganization and privatization of the Venezuelan Corporation of Guayana [CVG], based on a schedule drafted by the Venezuelan Investment Fund

[FIV] Program for 1992 and 1993, implies making all the businesses comprising the state holding turn a profit so that they may compete on the national and international market without any need for government subsidies.

Within such a framework, these entities should not only be a reliable source of foreign exchange, but also generate stable, well-paying jobs and produce basic consumable expenditures in order to ensure a "continual increase in the added value of our products."

According to the document in question, "the design and implementation of a strategy claiming to achieve the foregoing objectives, a strategy that would adequately and with social sensitivity protect the interests of workers who might be affected by the reorganization and privatization processes, requires the active, combined participation of diverse sectors of the country."

It is perhaps for this reason that, in terms of the CVG, such processes provide the FIV with "an opportunity to build a National Accord that will have the backing of the country's politicians and thus rally the interests of the Central Government, regional government, business and labor, and vast groups of society behind the same goal."

The plan, which was presented by Jose Ignacio Moreno Leon only hours before he submitted his resignation to President Perez, states that Sidor [Orinoco Iron and Steelworks] and Alcasa [Caroni Aluminum, Inc.] are viewed as new reorganization and privatization processes. This means that Congress will have a greater role in their development, based on the interpretation that Congress has given to the Privatization Law.

Sidor is viewed as a business going through a "complex financial situation," while at the same time it is losing its ability to compete on international markets. The formula to be applied to it will be reorganization. The scenario proposed is to transfer to the private sector the pipe, bar, and wire plants by international public bidding. The Sidor Reorganization Plan is underway, and privatization studies are nearly completed. The pledge made to the World Bank was to complete the process before July 1992.

In the case of Alcasa, also classified as a new project, emphasis is placed on its "critical financial situation and problems on the international market." It has not yet been decided which arrangement (reorganization or privatization) will be applied to it. The formula still "to be defined envisions open international bidding for Alcasa-Guacara and private investment in new development. Consideration is currently being given to different alternatives relating to the strategy followed.

**Labor Strategy**

The document in question states that "the success of the Privatization Program basically depends upon the correct design and implementation of a suitable labor strategy. Such a strategy would be the most accurate expression possible of the determination to democratize capital and to retrain and capitalize labor, which is the fundamental pillar for modernizing the country. The Privatization Law sets forth clear criteria so that workers in companies to be privatized will have access to their capital on favorable terms and ranging from 10 to 20 percent of the capital stock. In addition, it establishes guidelines and terms for hiring when they are transferred to the new employer."

The foundations on which labor reintegration and retraining programs are:

- The Minienterprise Program, whose purpose is to guide and support the establishment of minienterprises or other organized forms of production for the purpose of maintaining the workers' levels of income and employment by providing them with technical, legal, and financial assistance. Insofar as possible, such minienterprises are set up on the basis of activities providing services or support to privatized companies.
- The Human Resources Retraining Program: This program is aimed at providing workers with improved and updated knowledge and skills in areas exhibiting a demand for skilled labor, thus ensuring their rapid reintegration.
- The Program To Invest Workers' Funds in the Financial System: Set up for the purpose of guiding and developing savings, investing such resources in the best options offered by the financial markets.
- The Program To Relocate and Transfer Personnel: Designed for enterprises to be decentralized and aimed at supporting the process of transferring personnel to new jobs to be created.
- The Lease or Concession Program: Its purpose is to promote labor's participation through the leasing formula or activities in which the enterprise undergoing reorganization would participate.

**Balance**

The document in question indicates that privatization results achieved by 1 June of this year "cannot be measured solely on the basis of an increase in revenue or reduced government spending. The record of this policy must include compliance with the goals for which it was designed."

**Water System to Attorney General's Office**

Jose Ignacio Moreno Leon, president of the Venezuelan Investment Fund [FIV] until yesterday, submitted to the Office of Attorney General "a thick file mainly concerning everything accomplished in terms of the Metropolitan Water System privatization process."

Moreno Leon did so for the purpose of opening an investigation aimed at determining once and for all whether or not irregularities were committed in the administration's bidding for the public utility.

The privatization process has been repeatedly questioned by COPEI [Social Christian Party] Deputy Isiliao Arriaga, who reported the existence of alleged irregularities and asked that it be halted.

For his part, after summoning the representatives of the five consortiums interested in managing the system, the

former FIV chief said that none of them had any complaint about the way in which the process was being conducted.

However, he did point out certain critical cases such as INOS [National Institute of Sanitation Works], which, if there is any further delay, he said, "could become a very great problem that could endanger safety in the metropolitan area." He added that among the accomplishments of his administration was the fact that he had left execution of the privatization policy already approved by the Executive Branch in the hands of the government.

However, he expressed concern about how "the Privatization Law is being interpreted in the legislature. The law contains provisions that, if viewed in an excessively restrictive fashion, could tie the government's hands and impede the normal speed of the privatization process." He therefore promised that "in the time I have left in Congress, I will do everything possible to ensure that such an interpretation does not halt the processes."

We drafted the program for 1992 and 1993 covering the bulk of what had to removed from government control for the purpose of modernization. Some reservations remain about the CVG because it is one of the politically sensitive areas.

### * Congress To Decide Fate of AMX-30 Tanks

*92SM0487A Caracas EL DIARIO DE CARACAS in Spanish 12 Jun 92 p 28*

[Article by Elba Romero Lopez]

[Text] Whether or not to continue the work of modernizing the AMX-30 tanks is now in the hands of the Finance Committee of the Chamber of Deputies. The approval of additional funds to import the parts necessary to complete the modernization will be decided in the process.

The amount needed is 720 million bolivares, according to a member of the technical committee responsible for studying objections to the modernization project, which is being carried out by the firm Van Dam.

Authorization of the funds to ensure completion of the project, now halted due to lack of parts, "should be one of the subjects under discussion in a forthcoming meeting of the Chamber's Finance Committee," according to Rafael Guerra Ramos, member of the Permanent Defense Committee of the Chamber.

Guerra Ramos explained that, according to the contract, the Army must make a significant contribution in tank parts "and must make it rather soon." But the Army is in arrears in carrying out its responsibility.

"We are all very concerned because modernization of these tanks has been the subject of public controversy about whether the firm is in compliance with the contract. Previous problems have been resolved, and modernization had been proceeding without difficulties, but any noncompliance would cause delays that no one wants."

Guerra said that the defense establishment is faced with economic problems due to a reduction in its budget. In the specific case of the Army, this problem will have to be examined and resolved by Congress.

"...It is a sizeable sum, because the parts are imported in dollars, and, at our exchange rate, any amount translates into millions and millions of bolivares. With the fiscal deficit, all these budgetary necessities become a serious problem," Guerra Ramos added.

The delay because of the lack of parts is compounded by a halt in the modernization project as a result of objections to certain aspects of the project made by the Technical Committee of the Army and the failure to comply with the delivery date of the 80 modernized tanks.

Executives of the Van Dam firm say that modernization will be completed in three months, once the parts are supplied.

The problem caused by the halt in the AMX-30 tank modernization project, due to the Army's failure to supply the needed parts, was one of the subjects discussed by Major General Pedro Remigio Rangel Rojas during a meeting with the Permanent Defense Committee of the Chamber of Deputies.

According to Guerra Ramos, the legislative priorities established by the Defense Committee were also discussed in that meeting, including reform of the Organic Law of the Armed Forces and consideration of the Social Welfare Plan of the FAN [National Armed Forces] and the law that would finance the Plan.

The congressmen also spoke with the Army High Command about the country's current situation, the role of the National Armed Forces, and the problem of maintenance and modernization of the Army's motor vehicles and, essentially, of the M-35 trucks.

This is all part of plans for the Army's development.

### * Report Describes Widespread Corruption

*92SM0486A Caracas EL DIARIO DE CARACAS in Spanish 11 Jun 92 p 25*

[Article by Maria Isabel Parraga B.]

[Text] The corruption industry, with cross-border ramifications and even connections with other crimes such as drug trafficking, money laundering, irregularities in the sale of weapons, and financial maneuvers with transnational entities, "is becoming linked with governmental officials of various levels, judges, bankers, businessmen, members of the security forces, politicians, and even assemblymen and union leaders."

This is part of the report by the comptroller general of the Republic, which this year goes far beyond the traditional recording of corruption cases involving public organizations. Now an overview has been presented in which the activities of the "mafias" do not appear only as a movie theme.

According to statements by Comptroller General of the Republic Jose Ramon Medina during the presentation of the report to the Congress, "Indications have emerged in our country that these complicated networks already exist or are being constructed."

The report from the Comptroller's Office, presented yesterday to Congress and the Supreme Court, does not detail how these relationships among corrupt citizens and organized crime at the world level are structured, but it does cover deficiencies and deviations in projects that have been the standard for the government's social programs.

**A Scholarship...Will It Provide Nourishment?**

According to the report of the comptroller general of the Republic, "of the preliminary evaluation of the food scholarships and scholastic tools programs, it was observed that there was a bank deposit of 1.76 billion bolivares that had not been registered with the National Treasury. Advances of funds revolved among various organizations at 28.7 percent interest were found to be due for repayment, and balances in 36 current accounts valued at 1.6 million have not been reconciled, nor redeposited in the National Treasury despite their repayment having been ordered."

Another issue that is not clear at all is the half-price student tickets.

Comptroller Medina's report states that "it was not possible to verify the accuracy and legality of payments for more than 193 million bolivares issued in favor of various transport unions for the subsidy program or as compensation to public transport for the half-price student tickets. Even with the charges to that program, unpaid credits totaling 14.2 million were made to beneficiaries whose names did not correspond to those of holders of the certificates indicated on the computerized lists."

Since as the saying goes, "an ounce of prevention is worth a pound of cure," for cases such as these the comptroller general of the Republic recommends that a systematic administrative program be established and coordinated with the controlling organization in order to to implement the so-called social mega-project, calculated at more than 260 million bolivares.

**Unclear Accounts in the Regions**

When the comptroller delivered the report to the congressional leadership, he told reporters that a problem that had him very concerned was "the administrative disorder that has been demonstrated in the country's legislative assemblies and municipal councils." According to what Medina stated, it involves "all the assemblies. Not a single one has escaped the situation."

In the text of the document from the Comptroller's Office, it is recorded how the legislative bodies have been administering significant sums of money to meet their operating expenses while skirting the legal requirements that regulate the management of public funds.

Under the auspices of state and municipal monitoring officials, the Comptroller's Office has opened 14 administrative inquiries, submitted 27 claims of alleged civil and criminal activity to the attorney general, and imposed 61 fines, for a total of more than 1 million bolivares.

The comptroller's report emphasizes the recurrence of the following observations in the legislative assemblies: "Lack of internal controls, insufficient management of collections, utilization of funds for purposes other than budgeted, unauthorized payments to councils for representation expenses, special bonds, tips, catering for legislative sessions and committees that were not attended, limited control over municipally owned lands, inadequate technical criteria for estimating their own revenue, and legal violations."

**Incentives for Incentives**

The book, known by many as "the big corruption book," calls attention to alleged irregularities associated with procedural documentation and obtaining export incentives, as well as with marketing companies.

"It was determined that the calculation of incentives and fiscal credits made by commercial banks was not adjusted to the legal constraints regulating this area.... This situation led to overestimation of export incentives granted to nonproducing export companies during the 1987-1990 time period, on the order of 4 billion bolivares."

It is also reported that 50 percent of the supply companies selected by the audit were not located at the addresses listed in the corresponding sales receipts presented to exporters; others did not recognize having sold the product, and many of the receipts were apparently forged.

It appears that there are irregularities in the mining concessions granted by the Ministry of Energy and Mining because they did not take into account the economic capacity of the companies soliciting the concessions.

With respect to the Ministry of Finance, only 5 percent of the more than 185 million bolivares in pending income tax extensions recorded by four of the Finance administrations as of 15 March 1990 can be considered collectible, as the rest would be eliminated when the administration proceeds to purge those balances.

In conclusion, based on the monitoring of 120 revenue accounts, the Comptroller's Office has formulated 552 corrections for different branches of the revenue collection authorities, for a total of more than 500 million bolivares.

Comptroller Medina stated the same thing to both the Congress and the Supreme Court: "If they had not enumerated in the documented cases of corruption, as in previous years, it is certain that the disorder within the public administration would continue."

[Box, p 25]

**A 'Well-Kept Secret'**

The comptroller's report states what could be the "cinematographic" chapter of corruption in Venezuela. Some members of the public administration having lunch in some luxurious restaurant in New York with the modern-day versions of Al Capone, or maybe with swarthy emissaries from some cartel.

This involves certain maneuvering, until now spoken of only in a whisper, that goes beyond the misclaimed expenses, receipts never charged, and outside contacts. It involves "secrets," "mysterious plots." This is the grand opening, because in the area of "corruption mysteries," we have for years been watching a movie for which the price increased year after year. "The History of the Secret Accounts."

The Comptroller's Office's report records expenditures for State Security of 27,625,510,561 bolivares, divided between the Ministries of Justice, the Interior, Foreign Relations, and Defense. In this latest report, the secret accounts surpassed 24 billion bolivares. A considerable sum if one considers that the 1991 budget was more than 800 million.

In the Comptroller's Office's 70 recommendations to fight corruption, it was established that it is necessary "to limit the so-called secret expenses and regulate their administration and control and to analyze the purpose of this organization in the sense of replacing the current system, whereby secret expenses are allocable to any party's budget, with another system establishing the creation of a special account for said expenses in the ministries responsible for them, thus allowing Congress political control over the amount of expenses that can be classified as secret."

The report reveals the need to limit other, not-so-secret expenditures, such as assigning bodyguards and guarding houses, restricting them only to the highest government officials.

Another measure that would not be secret and that is also recommended to be monitored is the creation of a special police force for monitoring investigations, tax evasion, and illegal enrichment.

The Comptroller's Office believes that the assignment of official vehicles should also be limited, with better monitoring of travel allowances and elimination of "the wasteful use" of unnecessary airplanes.

These are very well-known measures, as are the accounts and the so-called "representation expenses."

As an example, Comptroller Medina's report states that the Defense Ministry, violating the presidential decree of 16 July 1986, acquired more than 800,000 bolivares worth of alcoholic beverages.

## * PDVSA Cuts Budget, Seeks Foreign Investors

*92SM0488A Caracas EL DIARIO DE CARACAS in Spanish 10 Jun 92 p 19*

[Article by Jose Suarez Nunez: "Refining Projects Will Not Be Halted"]

[Text] Japanese business executives from Mitsubishi, Marubeni, and C. Itoh are exploring the possibility of setting up plants in our country to process and upgrade heavy crudes and turn them into synthetic crudes. They are also looking into Japanese partnerships in the new refinery in Oriente.

Japanese Ex-Imbank executives have arrived in our country and are now meeting with government officials for the purpose of examining possibilities of investing in Venezuela and studying legal regulations. They already have connections with national firms.

The firms in question have refineries in Japan and other countries. They know the current money shortage will be a plus for investing in Venezuela. In addition, new government provisions on the upgrading and processing of heavy crudes mean that the tax paid on such operations is only 30 percent. The Japanese executives know the government has placed limitations on the PDVSA [Venezuelan Petroleum, Inc.] debt and that the new approach will be business partnerships.

The challenge currently facing the oil industry is the modernization of national refineries. This is true for several reasons. The national refining capacity is sufficient to supply our domestic consumption of 355,000 barrels a day this year, but stricter environmental controls mean that cleaner products will be required for export.

There is no dearth of projects, but there are signs that some will be postponed and others rescheduled. The HDH project involving technology developed by Intevep [Institute of Venezuelan Petroleum Technology] planned for the Cardon refinery has been postponed. The plant will cost 20 billion bolivares, with an estimated outlay of 4 billion bolivares this year.

The process was originally intended for processing heavy crudes, but later modified to convert waste from the Cardon refinery into highly refined products. One of the vital elements of this national advanced conversion technology is domestically produced catalysts.

The PDVSA board of directors and the Ministry of Energy and Mining continued to review proposals yesterday. If no conclusion is reached on the basic points of the adjustments, the meeting of shareholders scheduled for today, Wednesday, could continue on Thursday in order to continue to review the numbers.

It was noted that the National Executive Branch had suggested a 100 billion bolivar cut in the overall 1992 budget. Based on an examination of the priorities of both operators and subsidiaries, the oil industry made a cut of 70 billion bolivares without affecting the scheduled production capacity of 2.4 million barrels a day.

There was no official announcement of any cutback in refining projects to be deferred, but unofficial sources reported that of the four Maraven [subsidiary of Petroven (Venezuelan Oil Company)] packages of projects costing approximately $3 billion, $1.6 billion would be executed, meaning a cut of $1.4 billion affecting projects that will now be spread out over a longer period of time. Theoretically speaking, refining projects remained intact. Basic engineering contracts had already been signed for most, but the shortfall of resources meant that spending would have to be cut this year.

No mention was made of any cuts affecting Lagoven's [subsidiary of Petroven] refining projects in Amuay, which cost approximately $800 million. After effecting the change in refining methods in Amuay, Lagoven continued to work in that direction.

Even though projects were not suspended, but merely "sized down" in order to be executed over a longer period of time, private engineering companies will have layoffs affecting some 30 percent of their employees, while experiencing less of an impact on construction.

The previous administration must bear its share of responsibility for the resulting unemployment, which will be reflected at the end of the second half of the year, based on the most optimistic predictions. Only a few days after Gustavo Roosen took over as president of the PDVSA, he told journalists reporting on the oil industry "that the 1992 and 1993 budget had no economic support."

The total PDVSA budget passed at the end of 1991 was based on an export price of $19 a barrel. Obviously, with an accumulated export price of no more than $15 from January to July, resources would be insufficient.

Progress on construction of the New Oriente Refinery has been widely reported. It concluded the conceptual phase of engineering, and work is moving forward on basic engineering. To build the plant, licenses were acquired for seven new technologies, along with the technical assistance needed to turn crude oil rated API 10 into highly refined products of great commercial value. Such a plant would process from 230,000 to 300,000 barrels a day.

The investment needed for construction is not deferred, nor does it have to appear in the budget. Reliable sources say that as basic engineering moves forward, Japanese firms are negotiating the construction of the plant with other firms as part of a joint venture with Corpoven [subsidiary of Petroven].

When basic engineering has been completed, it will be possible to talk concretely with potential investors. Such negotiations will include both the Japanese and other interested investors.

Within a few years, it will no longer be possible to sell leaded gasoline to our main customer, the United States. The new American "Clean Act" [as published] (clean air) will take a million barrels of gasoline off the market a day. Such gasoline is produced by refineries with a capacity of under 60,000 barrels a day and where no new investment is commercially justifiable.

This will result in more opportunities for countries and companies anxious to penetrate the American market, but with "clean" products that meet strict environmental laws. If Venezuela is interested in selling gasoline and other highly refined products, it will have to invest large sums to modernize its refineries. Given the lack of resources, the political orientation is toward partnership in joint ventures with foreign capital and state-of-the-art technologies.

Another formula that might be examined is joint ventures with foreign firms for the purpose of producing synthetic crudes containing heavy oil from which metals and sulfur would be extracted in order to produce oil classified as API 25 or 26. These synthetic crudes are in great demand at refineries.

Sources consulted in the oil industry, government, and private sector agree that for strategic reasons, there will be no halt in refining projects, but nearly half of those planned for Cardon will be spread out over a greater period of time due to the lack of resources.

### * Uslar Pietri on Need for Political Change

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[Interview with Dr. Arturo Uslar Pietri by correspondent Tania Vegas; place and date not given]

[Text] Just days before the attempted coup of 4 February 1992, Dr. Uslar Pietri had spoken of the possibility of a military uprising in the country, and it happened.

But Uslar denies it was a prophecy "because I am not a fortune teller or a prophet or anything of the kind." And today, in view of the overall uncertainty the country is experiencing and the risk that it might end in a civil war, he says that the situation "can end in an unforeseeable way."

It is not a question of "divining" the future, because it does not require great gifts to expect the worst if there is no change of course. His concern is to warn of the seriousness of the crisis and to insist on the need for a grand national accord, which must have one basic ingredient: the resignation of the President of the Republic, Carlos Andres Perez [CAP].

"I have nothing personal against the president; this does not involve personal feelings, which would be mean spirited and out of place. President Carlos Andres Perez is directly responsible for the entire administrative, economic, and political disaster that the country is now suffering. It is absolutely impossible to think that he can be the man who caused this situation and, at the same time, the one who can correct it.

"I am not proposing that the president resign and disappear from public life. What Venezuela needs now is a real national consensus, not an agreement between the heads of two or three political parties to make some limited reforms to calm public opinion. What is needed

is an efficient and effective response to those demands, and that it be valid and credible. To do this, not only is this national agreement necessary to carry out needed reforms, it must also include the president's resignation at the opportune moment, the election of a new president by Congress, under the Constitution, for the remainder of the presidential term, and that it culminate in 1993 with the election of a new president of the Republic, with all the changes that will have been made to the political system."

[Vegas] This is the "Uslar Pietri formula," but what would happen if CAP does not resign?

[Uslar] The situation can end in many ways. I refuse to believe that the president, who has been a politician all his life, who has not been a stupid politician, can think that resignation is not among the possibilities open to a political leader and one who faces making decisions in a time of conflict. I do not believe that De Gaulle was a bad politician, and he resigned. General Paez resigned. General Monagas resigned. At a certain point Dr. Vargas resigned, and we will not speak of parliamentary systems, where it is normal for chiefs of government to resign. Therefore, I cannot understand how this can become a question of personal principle: I do not resign. No politician can say this because it makes for rigidity that, in effect, nullifies any possibility for compromise, understanding and resolution.

**Four Months Lost**

[Vegas] Four months have passed since 4 February, and one could say that, instead of easing, the crisis has become much worse. What happened?

[Uslar] The crisis has not ended. At present, aside from some changes of ministers, there is no appreciable change in the politics of the state, and even less so in the taking of measures necessary to meet the country's great needs. [end Uslar]

Uslar Pietri says that the profound crisis that Venezuela is experiencing is, first of all, political "because the institutions of Venezuela's political life have become discredited, have lost credibility and moral authority, and the evidence is to be seen in any of the opinion polls that are being conducted."

In his opinion, the way out of this grave situation is, once and for all, to face up to the necessary decisions and reforms of immediate and great importance, which are basically reform of the judiciary, the fight against corruption, and reform of the political system.

[Uslar] The country needs judicial reform because the justice system is penetrated from top to bottom by political interests and lacks any independence of judgment. What has been accomplished so far is that five of 15 judges on the Supreme Court of Justice are new, which makes it hard to believe that we have a new Court. The general conditions that caused growing distrust in the previous Court still exist in large part with the new one. As for the rest, nothing has been done.

As for the fight against corruption, which the country demands because it is generally known that, because of abuse of power, all the imaginable forms of illicit enrichment have been proliferating in the public administration and in its shadow. After four months, no one is in prison; no important person is on trial or is even the subject of an arrest order. Therefore, there is a great feeling of frustration in the country, and there is the impression that necessary measures are not taken because there are too many privileged interests in the way.

The reform of the political system, which could be carried out immediately with the passage of the few laws that Congress has been able to discuss in these four months, also has not been accomplished. They did not want to do a basic reform of the electoral system so that Venezuelans could elect their representatives directly and by name, without interference by the parties. A mixed system was created that nobody understands and that, all things considered, is just a way of avoiding the question. They did not want to pass a much-needed law on political parties that would establish basic rules to ensure internal democracy in the parties and end conclusively the evil system of rule from the top. Nothing has been done to regulate electoral campaigns, their methods, costs, and financing. [end Uslar]

In synthesis, according to Uslar Pietri, in the past four months there have been no solutions for the grievances that led up to the events of four February, and the impression created is that of stalling for time, of giving as little as possible, and of making the least important changes so that matters continue as they are.

[Uslar] The four or five basic things that there was sufficient time to do are not being done. Instead, Congress is entangled in a constitutional reform proposal with questionable features that can prolong debate and that, at best, will not produce a reform in less than six or eight months. [end Uslar]

**A Messiah Is Not Necessary**

A national agreement is indispensable for finding a way out of this situation, and "within this grand national accord that would have to be reached to save democracy and the country, the contribution that citizen Carlos Andres Perez must make is to be prepared to resign," Uslar repeats.

Once the agreement has been reached and the resignation so often requested has been obtained, Congress would name a president to fill the remainder of the constitutional term. The role of that president would not be that of " a savior of the Fatherland or of a messiah, but that of a manager who will carry out a defined, established, controlled mission."

[Vegas] Could former President Caldera be that man who is necessary to lead the process of change?

[Uslar] I do not believe that we are looking for leaders to carry out change, that is the mistake. Venezuela needs many men of democratic conviction, many people prepared to make small, sufficient sacrifices, and not a

messianic savior who will appear one morning and transform the country for us thanks to his presence, without our having to make any effort.

If we arrive at this national accord, it is very easy to find five, six, or seven persons who are not saviors of the Fatherland or candidates to become men sent by heaven, who can carry out this specific responsibility of coordinating, managing, and bringing to a successful conclusion the basis for an agreement in the time remaining before the next presidential election. It is absurd to be looking for such a figure now. [end Uslar]

Uslar Pietri does not deny that Caldera has all the qualities but repeats that it would be absurd to think a man of the caliber and personal prestige of the former president is necessary. "What is important in this case is the accord. The man is the result of the accord; the accord is not a consequence of the man."

[Vegas] An agreement between AD [Democratic Action], COPEI [Social Christian Party] and MAS [Movement Toward Socialism] would not be sufficient?

[Uslar] The accord cannot be reached without the political parties because it requires reforming several laws and it takes Congress to do that. The accord cannot be reached without the parties nor with them, alone. Business must be represented, the country's intellectuals, the workers, civic associations, the Church, and, of course, the military, who have something to say. Or is the military there only so that the Holy Spirit descend and show the members of Congress a divine solution for the country?

[Vegas] Some people object that the military have their role very well defined in the constitution and having them participate would not be very advisable.

[Uslar] We are not having them participate; they are participating. What happened on 4 February? Was there perhaps a speech in Congress by a politician? Was there a public demonstration? No, there was a military uprising of enormous significance. So, the military are there. They are present and have proven it. Are we going to go on ignoring that in the name of a legalistic fiction? There has to be some form of participation by the military in which their views are taken into account, in which they take part in that pact, in which they accept that pact, in which they support that pact. [end Uslar]

**There Is No Magic Solution**

Uslar Pietri rejects any comparison between what is happening in the country now and the events that occurred in 1945 or in 1958. He says that these situations have nothing in common.

[Uslar] In 1958, a dictatorship was overthrown in Venezuela by a civil and military movement that ended it and opened the way for a democratic regime, which, unfortunately, did not completely restore what it should have, and which led to the situation in which we find ourselves today.

In 1945, the situation was completely different. A minority of junior Army officers and a small political party with not more than 20,000 followers in the country embarked on a conspiracy that had every chance of failing, that theoretically should have failed, and, through one of those incredible strokes of fortune, succeeded.

[Vegas] In that latter situation, you were placed on trial. Could something like that happen now, taking advantage of the opportunity to attack someone like yourself?

[Uslar] I do not know. I cannot be in the minds of people who go to the extreme of contriving criminal plots. I do not want to get involved in that or even think about it. Now, I tell you that this situation is not like the situation in 1958 or that of 1945. They are completely different. Venezuela has a system that tries to be democratic. There are public liberties, and legal and constitutional solutions are being proposed in a climate of democracy.

[Vegas] To what do you attribute the great difference between President Perez's two governments, the first very popular and the second one just the opposite?

[Uslar] Very simple. One becomes more popular by distributing money than by cutting expenses, obviously. In his first government, President Perez was so fortunate as to receive $150 billion for a little country like Venezuela, so that he was able to spread money around, take care of all kinds of requests, and satisfy every kind of fantasy. This makes for great popularity.

Now he finds himself with a country that is fiscally bankrupt and does not even have enough money to finance half of the current budget. That is more difficult. It is harder to govern in this situation. Enormous moral authority is required of one who governs, to be able to call for the great sacrifices that the Venezuelan people have to make. Because, let us not fool ourselves, there is no magic solution. The way for Venezuela to get out of this hole is with everyone's sacrifice, in proportion to each person's capacity to contribute.

[Vegas] How do you explain that Luis Pinerua Ordaz, one of the standard bearers in the fight against corruption, enters the government and fails?

[Uslar] Because, as I am telling you, this is not a question of persons. It is a question of changing laws, of changing institutions, of changing the system. With the best intention in the world, if you put the man you believe most capable in the middle of the legal jungle that exists to protect corruption, he will be able to do nothing.

[Vegas] What do you think of the result of the bidding for the repair of the frigates?

[Uslar] I do not know the details of how that was done. I do believe that Venezuela, Colombia, and all the Latin American countries must revise their armament policies. The world has entered a phase in which the danger of a world war has totally disappeared and policy will be less a question of military policy and more a policy of negotiation. To think that Venezuela needs to arm itself,

ruin itself, allocate immense new resources for armaments that it will never use, that it is increasingly less likely to use, is something worth studying, thinking about, and changing.

[Vegas] What about Venezuela's departure from OPEC?

[Uslar] I believe that Venezuela is not doing anything in OPEC. I believe even more that OPEC is not doing anything for Venezuela, and I think that Venezuelan petroleum policy could be conducted much more easily and more profitably if Venezuela decreased its dependence and obsequiousness toward OPEC, which no other member country observes. Venezuela is a world petroleum power and should not be delegating its right decide to an institution that had an important role 30 years ago, but that since then has been notably reduced.